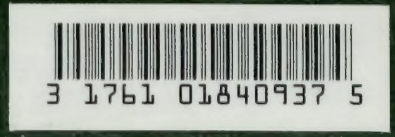
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THE AMERICAN NATION
A HISTORY

FROM ORIGINAL SOURCES BY ASSOCIATED SCHOLARS

EDITED BY

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ADVISED BY
VARIOUS HISTORICAL SOCIETIES

IN 27 VOLUMES
VOL. 24

THE AMERICAN NATION
A HISTORY

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THE AMERICAN NATION: A HISTORY

VOLUME 24

NATIONAL PROBLEMS

1885–1897

BY

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PROFESSOR OF ECONOMICS AND STATISTICS
MASSACHUSETTS INSTITUTE OF TECHNOLOGY

WITH MAPS

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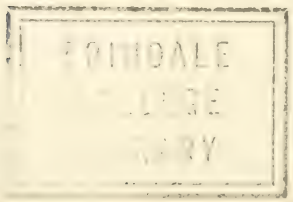

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EDITOR'S INTRODUCTION

THE last chapter of the previous volume of this series, Sparks's *National Development*, is upon the presidential election of 1884, as marking a transition period between the politics of the Civil War and Reconstruction on one side, and new issues of government and administration on the other. In his initial chapter Professor Dewey sketches new economic conditions, which he continues in chapter iii., on organized labor, which for the first time becomes a political force. Chapter ii., on the civil service, describes the progress of administrative reform in the Federal government. Chapters iv., v. and vi. deal with three different economic questions, the tariff, silver, and railroads. Chapter vii. is on the foreign relations of Cleveland's administration. Chapters viii. to x. describe the reorganization of the Republican party from 1888 to 1890, and its practical abandonment of negro suffrage in the South. Chapter xiii. is on Harrison's foreign policy. Chapters xi., xii., xiv., xvi. and xviii. are on various phases of the questions of the tariff, commercial organization, currency, and labor, culminating in the free coinage campaign of 1896 (chapter xix.).

It was a period of confused and struggling interests, and it has been the service of Professor Dewey to draw out the various threads and lay them parallel, so as to reveal the meaning of contests in which free coinage of silver, the interstate commerce commission, and the tariffs of 1890 and 1894 are but incidents. The real contest was between the powers of vested interests, of capital and accumulated savings, as against the pressure of producers of farm staples and of the organization of workmen in trades and manufactures. The real issue in this period comes from the conviction of large classes of the community, including most of the western farmers, that the process of distribution was such that they got less than their fair share of the nation's annual product. To this prime division may be referred most of the political and party controversies of the time, out-of-doors, and in Congress.

AUTHOR'S PREFACE

THE treatment of recent history encounters three embarrassments: first, the unavailability of private papers of statesmen and industrial leaders; second, the overwhelming mass of detail which as yet has not been adequately sifted, assorted, and appropriately labelled; and, third, the difficulty of securing a correct perspective in viewing events so near to us that they crowd upon our vision. Official documents and newspapers may furnish the warp and coloring matter of the texture of history, but for the woof we need the more intimate material of diaries and correspondence. Blaine and Sherman left many printed writings; each has had his biographer, but there are still many unexplained incidents in the life of each. The relations of Cleveland to the reactionary spoilsmen of his first administration: the origin of the tariff message of 1887; the failure of Sherman to secure the presidential nomination in 1888; the relations of Harrison and Blaine, and the sudden resignation of the latter; the swerving in our foreign policy marked by the Venezuelan message, have still to be definitively interpreted. At present the historian can only con-

jecture; he cannot hope to pronounce a final judgment.

Each generation is prone to think that its own problems are the critical problems which disturb the peaceful course of a nation's development. Without denying that other decades have had their trials outside of war, there is reason to maintain that during the twelve years, 1885 to 1897, more and widely differing problems pressed upon this country for solution than in any other equal period, unless it be that following the establishment of our government in 1789. The contest for a silver standard, the regulation of great corporations and monopolies, the rising strength of organized labor, the awakening ambitions for an aggressive foreign policy, the purification of politics by a radical change in the methods of appointment to office, are questions which will never sink into comparative obscurity, whatever the future may have in store for us. Rather they will stand out as the beginnings of a new stage in our nation's history.

DAVIS R. DEWEY.

NATIONAL PROBLEMS

NATIONAL PROBLEMS

CHAPTER I

GROWTH AND DEVELOPMENT
(1880–1897)

THE years from 1885 to 1897 cover a period of unsettlement. Action and reaction followed in quick succession. The period lacks definiteness either of purpose or of progress; there was no unanimity of opinion as to the facts of economic life or as to national policy. Old political platforms were not applicable to the new problems. Party politics became confused, and shrewd political leaders were at a loss which way to turn. The result was uncertainty, vacillation, and inconsistency; independence of judgment aroused dissensions, and was frequently rewarded by defeat and retirement from public life.

A Democratic president and House opposed by a Republican Senate mark the first four years; then for two brief years (1889–1891) there was a united Republican executive and Congress; a Democratic

House blocked legislation during the next two years. For an equal term the Democrats were in possession of the executive and the legislative branch (1893–1895), and this was again followed by a divided Congress. Meanwhile there were disagreements within the two parties. On monetary questions the West and South did not agree with the East; on taxation the Democratic party was hopelessly split. Hence it was impossible to secure harmonious development in legislation: a silver law was passed and repealed; within four years two tariffs were put in force; and an income tax was imposed, only to be declared unconstitutional. Futile attempts were made to restrain the increasing power of corporations and organized capital. The addition of new racial stocks to the population and the inefficiency of municipal government also widened the field of agitation. The economic life of the country was unstable; a slow recovery from the depression of 1884 led to imprudent undertakings, while commercial recklessness and legislative error destroyed prosperity. Once more the nation had to climb the long and arduous road leading to confidence and enterprise. At every turn—from recovery to panic, and then to fresh recovery—perplexing problems arose. Some of these were new, such as the control of combinations of wealth, but more were disguised under new forms, such as the relation of public office to party responsibility.

Between 1880 and the beginning of the new cen-

D O M I N I O N
WASHINGTON
Tacoma
Seattle
Portland
OREGON
IDAHO
MONTANA
Helena
NORTH DAKOT
Bismarck
WYOMING
Cheyenne
Pierre
SOUTH DAKO
NEBRASK
Sacramento
Carson City
NEVADA
Salt Lake City
UTAH
TERRITORY
Denver
COLORADO
KANS
San Francisco
Los Angeles
ARIZONA
TERRITORY
NEW MEXICO
TERRITORY
OKLAH
TERRIT
T E X
Austin
M E
ARCTIC OCEAN
Pt Barrow
WRANGELL I.
C. Lisburne
ARCTIC CIRCLE
Ft. Yukon
R.
DOMINION
OF CANADA
Fairbanks
Nulato
ALASKA
St. Michael
Andreiefsky
Sitka
BERING SEA
ALEUTIAN ISLANDS
PACIFIC OCEAN
ALASKA
SCALE OF MILES
0 100 200 300 400 500

UNITED STATES
1890
Longitude West 92 87 82 77 72 67
C A N A D A
LAKE SUPERIOR
LAKE MICHIGAN
LAKE HURON
ONTARIO
ERIE
MINNESOTA
WISCONSIN
I O W A
ILLINOIS
INDIANA
OHIO
MICHIGAN
NEW YORK
PENNSYLVANIA
MISSOURI
KENTUCKY
WEST VIRGINIA
VIRGINIA
TENNESSEE
NORTH CAROLINA
SOUTH CAROLINA
GEORGIA
ALABAMA
MISSISSIPPI
LOUISIANA
FLORIDA
ATLANTIC OCEAN
BAHAMA ISLANDS
CUBA
Duluth
St. Paul
Minneapolis
Chicago
Milwaukee
Detroit
Cleveland
Buffalo
Rochester
Syracuse
Albany
Boston
Portland
Des Moines
St. Joseph
St. Louis
Kansas City
Indianapolis
Evansville
Louisville
Cincinnati
Columbus
Pittsburg
Philadelphia
New York
Washington
Richmond
Norfolk
Nashville
Memphis
Knoxville
Raleigh
Charleston
Atlanta
Montgomery
Vicksburg
Mobile
Jackson
Little Rock
Galveston
Houston
Tallahassee
Jacksonville
Savannah
Charleston
Havana
25
30
35
40
20

tury twenty-six million people were added to the population, or more than the entire number of inhabitants in 1850. Nearly one-fourth of this increase was absorbed by four older states on the seaboard—Massachusetts, New York, New Jersey, and Pennsylvania; the other three-quarters were spread with unequal distribution over the remaining area, but was especially located on the western land available for homesteaders, which was being rapidly exhausted.[1] Thus, between 1890 and 1900 the acreage disposed of by the government was roundly one-half what it had been in the previous decade. In 1880 there were five territories which had less than fifty thousand inhabitants each; in 1900 there were only two states, Nevada and Wyoming, that had not passed the mark of one hundred thousand. Homestead entries reached a maximum in Dakota in 1883; in Kansas, in 1886; in Colorado, in 1888; in Washington, in 1891; and in Wyoming, in 1895.

Population quickly followed the construction of railroads through the northern tier of states and territories stretching from Minnesota to Oregon, so that in twenty years the number of people in this vast domain more than trebled. Farmers settled in Dakota so rapidly that single counties with scarcely an inhabitant at the beginning of the summer were well populated by the end of the year.[2] Rich minerals of gold, silver, and copper were discovered in

[1] U. S. Department of Agriculture, *Year-Book* (1898), 327.
[2] *Appleton's Annual Cyclop.* (1887), 218.

Idaho and Montana; while in Washington Territory timber supplies of great value were opened to a market. South of this border growth, violent changes appeared in the currents of migration. Between 1880 and 1890 population declined in the agricultural counties of western Illinois and eastern Iowa, because of the opening up of more promising land to the west. In the next ten years many farmers in Nebraska, Colorado, and South Dakota, discouraged by the deficiency of water and the intense winter cold, abandoned their homes. Oklahoma and the Indian Territory furnished an outlet, and many farmers moved northward into Canada. Taking the entire area west of the Mississippi, the rate of increase of population was not much more than half as great in the last ten years of the century as in the previous decade. Migration from the state of birth to another state for residence continued to be characteristic of the native population. As late as 1900 the ratio in Iowa of the native whites born within the state to those born without was one to three; in Kansas and Nebraska the native strangers were equal to those born within the limits of the state; while in Colorado the natives were outnumbered.

The Indians did not escape from the pressure of the population westward; their frontier was rapidly disappearing,[1] for their reservations stood in the way of great railway systems to the Pacific. Even

[1] Richardson, *Messages and Papers*, VIII., 519.

the Indian Territory, once remote from civilization, was in the path of settlement, and ranchers looked with envious eye upon the vast domains given over to hunting. "The Indian must make his final stand for existence where he is now," said Lamar, secretary of the interior, in 1885;[1] no longer could he be pushed back into the wilderness. With the filling up of the country to the west, another removal of the Indian was impracticable; the immediate problem, therefore, was the adjustment of Indian barbarism to Anglo-Saxon civilization. The alert American, busy with the interests of modern life, would not tolerate the uneconomic use of millions of acres given over to Indian occupancy; and the humanitarian friends of the Indian slowly came to the conviction that a life of dependence upon government rations from day to day accomplished little in the way of permanent progress. A new solution was therefore proposed, the breaking up of the tribal relation and substitution of individual ownership in place of tribal ownership on the reservation.[2] In 1887 the so-called Dawes bill was enacted, providing for the allotment of lands in severalty; to each head of a family a quarter-section was to be granted, with smaller allotments to others; and in order to protect the grantee against land-sharks and speculators, conveyance of the land thus allotted was prohibited for a period of twenty-five

[1] *Messages and Documents*, 49 Cong., 1 Sess., I., 23.
[2] *U. S. Statutes*, 49 Cong., 2 Sess., chap. cxix.

years. Along with these material grants, under the Dawes act the Indian in severalty received the right of citizenship. There was hope that when the Indian became a citizen, with the individual ownership of a farm, the system of rations, annuities, and tribal institutions would disappear.

In order to satisfy the land-hunger of the whites, efforts were made to buy from the Indians portions of their reservations, wherewith to enlarge the public domain for settlement by homesteaders. The Indian reservations in 1885 amounted to 225,000 square miles,[1] one-eighth of which would suffice to furnish a half-section of land—320 acres—to each man, woman, and child of the 250,000 Indians west of the Mississippi. The government, however, instead of paying the money directly to the Indians, by whom it would have been quickly squandered, invested the funds for the benefit of the tribes. More liberal appropriations were also made for the education of Indians, until, in 1888, 15,000 Indian youths, or more than a third of the total number considered "teachable," were enrolled in schools.[2] In 1891 a compulsory education act was passed by Congress, and all children of a suitable age were brought under its jurisdiction;[3] for some of them, government day-schools were provided; but the majority were taken from their homes and placed

[1] Richardson, *Messages and Papers*, VIII., 355.
[2] *Ibid.*, 796.
[3] Commissioner of Indian Affairs, *Annual Report* (1891), I., 67.

in reservation boarding-schools, or in training-schools outside the reservation, as at Carlisle, Pennsylvania, or at the Haskell Institute in Lawrence, Kansas.

The Indian problem seemed at last in a fair way of settlement; certainly there was outward peace, though occasionally there was an outbreak, usually because of disregard of Indian treaty rights by careless or over-aggressive settlers, and particularly by cattle-men, as was shown by an unwarranted attack upon the Utes in Colorado in 1887.[1] In 1885 the turbulent Apaches in New Mexico went on the war-path, murdered a hundred persons, and threw the Southwest into a panic. The Indians also suffered from the bad management of some of the agencies; rations were stolen by dishonest officials, and renewed charges were made that the government was not living up to its treaty obligations. A long record of such provocations led a portion of the Sioux tribe in Dakota to engage in hostilities in 1890. Medicine-men preached the coming of a messiah who should give the Indians power to destroy their enemies, and ghost dances wrought the tribe up to a religious frenzy. Troops were quickly assembled under General Miles, and there was open warfare, resulting in the killing of five hundred Indians and thirty soldiers in the battle of Wounded Knee, December 29, 1890.

The rich district of Oklahoma — "the beautiful

[1] *N. Y. Tribune*, October 1, 1887.

land"—within the limits of the Indian Territory, was especially coveted by the white man. Lawless "boomers," as far back as 1880, had sought to occupy this land, but were driven off by Federal troops. In 1885 President Cleveland warned off intruders.[1] The land could not be opened up except by executive proclamation; and President Cleveland continued obdurate in his determination to keep faith with the tribes. A horde of restless and angry pioneers crowded to the frontier, and frequently molested the Indians within the territory. Finally, with the consent of the Indian nations, the land was purchased by the government, and President Harrison issued the desired proclamation permitting entrance at twelve o'clock, noon, April 22, 1889.[2] Meanwhile the border colonies had increased in numbers. "Whole outfits for towns, including portable houses, were shipped by rail, and individual families, in picturesque, primitive, white-covered wagons, journeyed forward, stretching out for miles in an unbroken line. . . . The blast of a bugle at noon on a beautiful spring day was the signal for a wild rush across the borders. Men on horseback and on foot, in every conceivable vehicle, sought homes with the utmost speed, and before nightfall town sites were laid out for several thousand inhabitants each."[3] Fifty thousand persons entered the territory, and over six thousand were conveyed to Guthrie

[1] Richardson, *Messages and Papers*, VIII., 303.
[2] *Ibid.*, IX., 15. [3] *Appleton's Annual Cyclop.* (1889), 676.

by rail on the first day. In ten years three million acres in this section were added to the area devoted to the production of cereals.

The hunger for land and the belief that the bounty of the government was nearly exhausted was again illustrated in 1890 in the opening of a portion of the Sioux reservation in Dakota, where troops were needed to hold back the eager home-seekers. Although the barriers were raised in mid-winter, thousands acquired title.[1]

The continued demand for land gave rise to projects for reclaiming the arid regions of the West by irrigation. In the decade 1890 to 1900 the area of irrigated land more than doubled, and, although the amount was small compared with the total untillable area, its economic importance was great, and the conquest gave new courage to states which had been disappointed in earlier plans of internal development. The government also took vigorous steps to recover the lands which had been granted to railroads in the West, and by them, contrary to the spirit of the law, leased to ranchmen and speculators, who held them in large estates. During President Cleveland's first administration more than eighty millions of acres held by corporations and syndicates were seized by executive proclamation or forfeited under act of Congress and returned to the public domain.[2]

[1] *Appleton's Annual Cyclop.* (1890), 782.
[2] Richardson, *Messages and Papers*, VIII., 359, 795.

Immigration was responsible for a large part of the increase in population. Between 1880 and 1900 about nine million aliens landed in the United States, nearly as many as in the preceding sixty years during which records were kept. Allowing for mortality and the return of aliens to their native country, the net addition of the foreign-born in the country was nearly four millions. There was, however, a marked change in the character of immigration. Austria-Hungary, Russia, and Italy helped to swell the western stream of population.[1] Of the total number of immigrants nearly one-third came from these countries, the numbers being approximately the same for each. Norway and Sweden increased their quota, while Germany about held its own. The Scandinavians settled in the Northwest, and constituted an important factor in the growing population of Wisconsin, Minnesota, and the Dakotas. The Slavs, Poles, and Italians did not distribute themselves over large sections of the country, but remained near the Atlantic seaboard or settled in large cities in the interior, as Buffalo, Chicago, and Milwaukee.

The growth of municipalities continued unabated; the number of cities with eight thousand or more inhabitants nearly doubled between 1880 and 1890.[2] In 1880 the urban population constituted less than a quarter (22.6 per cent.) of the total population; by 1890 it had increased to nearly thirty per cent.

[1] Wright, *Practical Sociology*, 51. [2] *Ibid.*, 116.

of the total, and by 1900 to a full third. In the North Atlantic division of states, covering New England, New York, New Jersey, and Pennsylvania, the city growth was even more marked, embracing in 1890 more than half of the population. This increase was helped on by two new influences—improvement in the agencies of street-railway transportation and the influx of immigrants from eastern and southern Europe.

The overhead trolley electric traction system was first tried in Richmond, Virginia, in 1888;[1] proving successful on a small scale, it was quickly installed in Boston, where previous discussion had favored a cable system. Other cities followed in substituting the trolley for the horse car. In 1890 the ratio of animal to electric power on street railways in all the cities of the United States was more than four to one; in 1902 the entire mileage was practically electric. This made it possible for a much larger population to live within the suburbs of cities, thus extending the social and economic area of municipal life. More than one-half of the increase in the population of the Manhattan Borough of New York, between 1890 and 1900, was in the Twelfth Ward, north of Eighty-sixth Street, seven miles from the south end of the city. Suburbs were made possible in sections which could not be reached by the steam railroad, so that New York City, together with its

[1] U. S. Census Bureau, *Special Reports : Street and Electric Railways* (1902), 167.

boroughs, grew from less than 2,000,000, in 1880, to 3,437,000 in 1900. Within a radius of twenty-five miles from the city hall of New York there was a population of nearly 5,000,000 at the close of the century. Better transportation facilities led to the concentration of business in large department stores and high office-buildings.

A large part of the increase in population of the seaport towns on the Atlantic was due to the immigration from eastern and southern Europe; for the immigrants from these sources did not quickly distribute themselves over the country. They were deposited by thousands in New York, Philadelphia, Baltimore, and Boston, or carried by train-loads to Chicago, or to other interior railway termini. These new racial stocks brought poverty and illiteracy, and aggravated the problem of the city slum. In 1894, three-fourths of the slum population of Baltimore were of foreign birth and parentage; in Chicago, nine out of ten; and in New York and Philadelphia, even a greater proportion. Southeastern Europe contributed three times as many inhabitants as northwestern Europe to the slums of Baltimore; nineteen times as many to the slums of New York; twenty times as many to the slums of Philadelphia.[1] The population of the large cities was of a most heterogeneous character. In New York, in 1900, there were 118,000 from Austria-Hungary, 155,000

[1] Commissioner of Labor, *Seventh Special Report* (1894), 44, 72, 160, 163.

from Russia, 322,000 from Germany, 145,000 from Italy, and 275,000 from Ireland.

By far the greater number of the Slavic and Italian immigrants who stayed in the seaport cities of the East were unskilled laborers, who at best could earn but little; their standard of living was low and degraded. There were no houses adapted for their needs; a score of families were packed into a single dwelling originally designed for a single family. Rear court-yards were fitted with tenements which lacked light and air; nor was there provision for public education or recreation. Parks, playgrounds, and breathing-spaces were alike absent. New York City, as the chief port of entry, suffered more than any other city. Handicapped by poverty and ignorance, immigrants looked no farther than the city which first gave them welcome. And, of all cities, New York was the least fitted to receive them as permanent dwellers. A narrow strip of land, surrounded on three sides by water, with inadequate transportation facilities, was ill-suited for housing this new population. This concentration led to overcrowding. In an area of ninety-eight acres in the lower East Side, there were 736 persons to the acre. Twenty-nine hundred and sixty-nine persons were packed into a single block, making a rate of 1724 persons per acre.[1]

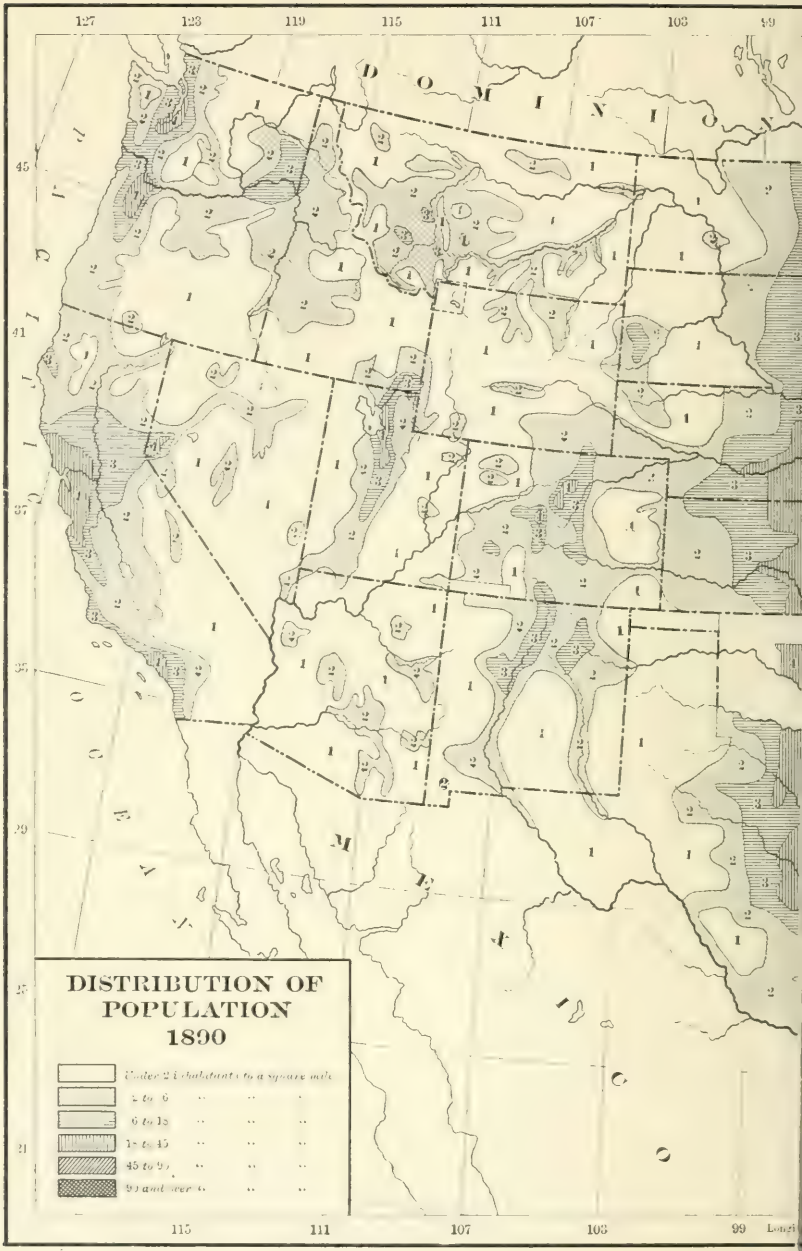
Rural sections in many states lost in population. In New England nearly two-thirds of the townships

[1] Riis, *Battle with the Slum*, 82.

had a smaller number of inhabitants in 1890 than in 1880. This movement, however, was not confined to the East; Ohio and Illinois disclosed nearly as large a percentage of loss, and in Iowa 686 out of 1513 townships fell off.[1] The relative importance of agriculture to the other great branches of industry declined during the period under consideration. Although the per capita production of staple food products about held its own, the proportion of the population engaged in agriculture fell off 8.6 per cent. The opening up of great areas of farming-land in the Northwest, on which machinery could be used with advantage, brought a great decline of values to the eastern farmers. In twenty years the acreage of improved land on farms in New England fell from thirteen million five hundred thousand to eight million one hundred thousand; many farms were abandoned, and by 1890 official investigations were undertaken in several of the states to determine in what ways population might be attracted back to the country.[2]

The development of manufactures was the great industrial characteristic of this period. The number of the employés and the value of the product was more than doubled. In this growth the steel industry took a leading part, the value of its output increasing eightfold. By 1892 imports and exports of manufactures of iron and steel balanced, and

[1] Anderson, *Country Town*, 60, 62.
[2] Industrial Commission, *Report*, X., cxlvi.


127
123
119
115
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107
103
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45
41
37
33
29
25
21
DOMINION
OF
CANADA
OCEAN
PACIFIC
MEXICO
DISTRIBUTION OF POPULATION 1890
Under 2 Inhabitants to a square mile
2 to 6
6 to 15
15 to 45
45 to 90
90 and over
115
111
107
103
99

95
91
87
83
79
75
71
67
O F C A N A D A
LAKE SUPERIOR
LAKE MICHIGAN
LAKE HURON
LAKE ONTARIO
LAKE ERIE
ATLANTIC OCEAN
G U L F O F M E X I C O
BAHAMA ISLANDS
41
37
33
29
25
21
st 95 from Greenwich 91
87
83
79
75

henceforth the United States exported more than she imported. Steel was employed for many new purposes, as, for example, freight-cars. Its use made possible the construction of office-buildings running even to thirty stories in height and requiring as much as a thousand tons of steel.[1] Another marked feature was the establishment of cotton manufactures in the South, where water-power, low-priced labor of women and children, long hours of labor,[2] and the cheap cost of living gave advantages which quickly attracted capital; in less than twenty years the number of spindles operated in factories in the southern states was increased five times, while the North made but little gain. In 1900, North Carolina and South Carolina spun more than one-half of the cotton grown within their limits. Many other manufactures took root in this section, and the number of wage-earners trebled between 1880 and 1900. In Alabama there were five times as many in 1900 as in 1880; in Texas and North Carolina, four times as many; in Louisiana, Georgia, and South Carolina, three times as many. In 1900 these six states had approximately as many wage-earners in mills and factories as Massachusetts had in 1880.

With the construction of railways new sources of labor were drawn upon, as from the upland districts of the piedmont.[3] In every direction the

[1] Industrial Commission, *Report*, XIX., 541.
[2] *Ibid.*, VII., 52, 56.
[3] Murphy, *Problems of the Present South*, 104.

South showed great powers of recuperation and development. The old branches of industry to which she had long been accustomed prospered, and new arts were added to her activity. There was a large increase in the acreage and crop of cotton, principally because the use of commercial fertilizers brought into cultivation tracts hitherto regarded as valueless. The cotton territory was extended into North Carolina on the north and Texas on the south, and cleared pine lands were added to the alluvial districts as a source of cotton supply. Improvements in water transportation also gave rise to a new industry—the shipment of fruits and vegetables to northern markets.

The application of electricity to industrial arts was pursued with eager activity. Arc-lighting was introduced in 1880, and this was followed by the use of the incandescent filament. In 1900 the average annual per capita expenditure on electricity was about $7.00, which represented $1.25 for electric apparatus and supplies, $3.00 for electric traction, $1.50 for telephone purposes, $0.75 for telegraphic service, and $0.50 for fire-alarms and miscellaneous use.[1] These new industries quickened the demand for copper, and new mines increased the output from 27,000 tons, in 1880, to 270,000 tons in 1900—half the world's product. The production of pig-iron trebled in the same period, giving to the United States the leadership over every other nation

[1] Twelfth Census of U. S., X., 157.

in this staple. Here, again, the South showed a remarkable economic development: a great mineral section stretching from West Virginia to northern Alabama, seven hundred miles long and one hundred and fifty miles wide, was opened up, and through proximity of coking coal and limestone to the iron, gave every assurance of an early and successful development of the manufacture of steel products. Alabama became the centre of the iron industry, and this state, which in 1880 occupied the tenth place in the output of pig-iron, rose to third in rank ten years later. In 1890 the South produced as much coal, iron-ore, and pig-iron as the whole country did in 1870. Birmingham, Alabama, began indeed to send pig-iron to northern and western markets.

Down to the panic year, 1893, large additions were made to railway mileage. The greater part of new construction was devoted to finishing the systems reaching through the West to the Pacific coast, and the filling in of branches and feeders. Traffic grew at a still more rapid rate, so that greater burdens were imposed upon the trackage laid down; the train-load was made heavier, the capacity of freight-cars enlarged, and the size and weight of locomotives increased.[1] This required improvements in the road-bed, such as heavier rails, stronger bridges, and a more stable ballasting. The use of the air-brake in freight service made it possible to

[1] Twelfth Census of U. S., X., 245.

run the trains at a higher speed. New construction was subordinated to the problem of organization of railway business so as to secure greater efficiency and economy.

The telephone, which as a business started in 1880, became a part of the machinery of communication. At first regarded as a luxury, it made its way slowly. By 1890, however, it was recognized as a necessary equipment of trade and commerce. With the expiration of the underlying patents, the costs of service were reduced. Its convenience to the home, both for business and social purposes, led to the establishment of exchanges in suburban districts of cities and in small towns, until even the outlying farms were brought within the range of its ameliorating influences. In 1900 there were over forty-two hundred exchanges with nearly two million subscribers, a ratio of a telephone to every forty of the population.[1]

[1] Twelfth Census of U. S. (1900), X., 179.

CHAPTER II

THE CIVIL SERVICE
(1885–1888)

WHEN a Democratic president was inaugurated in March, 1885, for the first time in twenty-eight years, he faced a situation by no means reassuring. Credit had been affected by the financial stringency of May, 1884, and this was followed by a slackening of business during the presidential campaign. Industrial development also received a check; there was a decline in manufactures, mining, and railway construction; many furnaces, mills, and mines were closed; and there was difficulty in raising capital for railway extension. Labor was actively organizing, strikes grew in number, and industrial boycotts were threatened. Financial authorities gave currency to gloomy misgivings as to the ability of the government to maintain the gold standard.[1] Notwithstanding these reasons for apprehension for the national welfare, public interest for the time being was centred upon the transfer of power to the Democrats from the Republicans, who for a quarter of a century had been in control of the

[1] Sec. of Treasury, *Finance Report* (1884), 31.

executive branch of the government, so that the entire body of Federal office-holders practically belonged to that party. The civil service system of examination for entrance into Federal office, then recently established,[1] was still on trial and as yet extended to only a small portion of the governmental positions. Its best friend, if either party could be called a friend, was the Republican party, so far as previous evidence went; but it had just been defeated.

Well might the country be suspicious of the intentions of the Democratic party, which in its earlier possession of power had firmly embodied in practice the apothegm, "To the victors belong the spoils"; as recently as Buchanan's administration the entire body of office-holders was Democratic. Exiled as the Democrats had been now for a quarter of a century, it was confidently expected that not only would they reassert their ancient faith, but that because of their long privation they would break down all barriers in a rush for office. The Democratic platform of 1884, in its reference to civil service, used only the ambiguous phrase, "We favor honest civil service reform"; and that was combined in a glittering paragraph favoring the separation of church and state and the diffusion of free education. On the other hand, the Republican platform was explicit in its loyal commendation of the reform of the

[1] Cf. Sparks, *National Development* (*Am. Nation*, XXIII.), chap. xii.

civil service, demanded that it be extended, and openly recognized the evils which lurk in the power of official patronage.

To the independent friends of the merit system, confidence in the future lay in the president-elect rather than in his party. As governor of New York, Mr. Cleveland had been friendly to the movement, and in a Christmas Day letter of 1884, in reply to a letter from George William Curtis, president of the National Civil Service Reform League, he announced himself pledged to the civil service law, "because my conception of true Democratic faith and public duty requires that this, and all other statutes, should be in good faith and without evasion enforced, and because, in many utterances made prior to my election as president, approved by the party to which I belong, and which I have no disposition to disclaim, I have in effect promised the people that this should be done." [1] The president-elect, moreover, implied that he would not remove any man from a non-political office during the time for which he was appointed unless he had made himself notorious as a partisan and used his office for partisan purposes.[2] This declaration was afterwards supplemented by oral statements that when the term of office of a Republican expired under a definite tenure, the place would be filled with a good man of the Democratic party, if such could be found.[3] Fur-

[1] Cleveland, *Writings and Speeches* (Parker ed.), 41.
[2] *Ibid.*, 42. [3] *Nation*, XL., 130 (February 12, 1885).

ther confirmation of these principles was given in a phrase of the inaugural address: "Merit and competency shall be recognized instead of party subserviency." [1]

Public interest was also aroused as to the share the South might expect in the conduct of national affairs. Southern whites had been practically debarred from executive appointments since the Civil War, inasmuch as the leading men in the South were for the most part Democrats; many of them had served in the Confederate army, and the ablest naturally gained positions of high military rank. Anxious on-lookers wondered how far the new president would recognize his party following in this section, and in what spirit southerners who had upheld theories of government opposed to national unity would execute the duties of Federal office if they were once more honored with positions of trust.

Cleveland's selections for the cabinet, though not all of a high order, met with general approval. Senator Bayard, of Delaware, the new secretary of state, had enjoyed a long term of legislative experience, was conservative, and of the purest personal integrity; in three national conventions his name had been presented for the presidential nomination. William C. Whitney and Daniel Manning, both of New York, chosen for the navy and treasury departments respectively, were experienced in party

[1] Richardson, *Messages and Papers*, VIII., 302.

conventions and campaign management; Manning was chairman of the Democratic state committee of New York, and Whitney had served as corporation counsel of the city of New York. Only on grounds of personal friendship could their appointments be accounted for; and there was much dismay that the fortunes of the treasury should be intrusted to a local politician, whose financial experience was confined to a small bank in Albany. William C. Endicott, of Massachusetts, for the war department, and William F. Vilas, of Wisconsin, for postmaster-general, had not enjoyed even so much political experience as their associates, but were held in regard by the best elements in their respective states. A departure was made in giving two cabinet positions to the farther south. An attempt to recognize this great section, which had been previously made by President Hayes, had met with but indifferent success. Cleveland did not take any half-way action; he gave the South its due, and, if Bayard be included as of that section, perhaps more than its due; Senator Lamar, of Mississippi, was appointed secretary of the interior, and Senator Garland, of Arkansas, attorney-general. It was at once noted that the secretaries appointed from the northern states were men not well-tried in national affairs, and that several were almost unknown.[1]

Criticism was aroused by the appointments to the diplomatic service, because of the inclusion of a

[1] Editorial in *N. Y. Tribune*, March 6, 1885.

large number of southerners. At the end of Arthur's administration, every first-class foreign mission was filled by a northerner; out of sixteen envoys extraordinary and ministers plenipotentiary, the South had but two; of the forty ministers resident, *chargés d'affaires*, and consuls-general, only five were from the South. The new administration divided the four first-class missions equally between the North and the South; of twelve ministers plenipotentiary, six were from each section. Of the nine new ministers resident, six were from the North and three from the South. Of the seventy persons appointed to the diplomatic and consular service, thirty-eight were from the North and thirty-two from the South.[1] The animosities enkindled by the war were still alive, and here and there an unreconciled Republican was disposed to fan them to a white heat. Even the sober mass of voters in the North was at first shocked by the thought that representatives of the nation's sovereignty sent to foreign courts were twenty years earlier engaged in a struggle to impair that sovereignty. Although opposition to confirmation was not carried to the point of rejection, the appointment of "Confederate brigadiers" furnished the text for many a campaign speech. The Civil War record was still regarded by some as a supreme test of fitness for office. Mr. Edward J. Phelps, appointed minister to Great Britain, was criticised because he had "once made a very fool-

[1] *Nation*, XL., 476 (June 11, 1885).

ish and abusive speech on Abraham Lincoln"; and Mr. George H. Pendleton, who was chosen to represent the government in Germany, notwithstanding his devotion to the cause of civil service reform, was still held to be a "copperhead."[1]

In making appointments to minor offices, Cleveland labored under two disadvantages: he was in advance of his party, and he had embarrassed his independence by plainly setting forth certain standards of lofty conduct to which people were sure to refer when practice fell short of accomplishment. On the one hand he was certain to be accused of indifference to party claims; on the other, of insincerity. Democratic spoilsmen charged him with disloyalty; Republicans accused him of hypocrisy; while the Independents, now encouraged by his steadfastness, now angered by his shortcomings, were soon lost in bewilderment and furnished keen sport for the taunts of ardent partisans. It was impossible for the president to satisfy the demands of office-seekers, though many changes, of course, had to be made; even critical reformers were disposed to be tolerant in regard to removals from the higher positions of trust and confidence. Some officials, protected by the long reign of Republican success, were incompetent if not corrupt; an ardent advocate of reform declared that a clean sweep should be made through the South: "The federal service for twenty years has been utterly corrupt, especially

[1] Roosevelt, in *North Am. Rev.*, CXLI., 393 (October, 1885).

in the Mahone portions. To purge it thoroughly was one of the things for which Cleveland was elected."[1]

What, however, was more to the point, the civil service could not be placed on a satisfactory and sincere basis until it included Democrats as well as Republicans, and yet how to accomplish this without giving cause for complaint was apparently an insoluble problem. A considerable number of office-holders, such as the presidential postmasters, collectors of customs, and collectors of internal revenue, held office under the four-year rule, the effect of which was naturally that Republicans under this tenure would soon stand aside. Indeed, one of the objects of the four-year act, passed in 1820, was to smooth the way for politicians to make changes. In appointing Democrats to take the place of Republicans upon the expiration of their term of office, no matter how well they had performed their duties, Cleveland made no apology; he believed, as did many reformers, in the policy of equalization.

In pledging himself to civil service reform, President Cleveland had served notice that one numerous class of officials would be removed from office: "Offensive partisans and unscrupulous manipulators of local party management" had "forfeited all just claims to retention." Among these were postmasters who had used post-offices as headquarters

[1] *Nation*, XL., 371 (May 7, 1885).

for committee work, for the distribution of party literature, and the display of "disgusting and irritating placards." There were officers who had neglected public duty to do private work, and in the South "to do party service by secret and sinister manipulation of colored voters." Moved by these considerations, President Cleveland suspended during the first ten months of office 643 officials, including 278 postmasters, 28 district-attorneys, and 24 marshals, all serving under four-year terms; and, in addition, 61 internal-revenue officers and 65 consuls and other persons attached to the foreign service.[1]

These suspensions led to a clash between the president and the Senate. When Congress met in December, 1885, the Republican senators held a caucus and laid down a policy to be followed in the matter of appointments: they determined first that there should be no rejections of nominations except for causes which would insure the rejection of nominees of a Republican president under like circumstances; and, secondly, that information called for in cases of suspension must be furnished. This information the several cabinet officers, under authority of the president, refused to give, on the ground that the public interest would not be promoted thereby, or because the papers and reasons asked for referred to purely executive acts. The Senate accordingly held up nominations when sus-

[1] Cleveland, *Presidential Problems*, 42–47.

pensions were involved, and intimated to the president that if he would abandon all charges against the displaced officials and frankly admit that the suspensions were based on the spoils principles, all opposition would cease and confirmations would follow.[1] A test case was made; the committee on the judiciary proposed a formal resolution, which was passed by the Senate without division, January 26, 1886, directing the attorney-general to submit all papers in the department of justice touching the suspension of the former United States district-attorney for the southern district of Alabama. Attorney-General Garland promptly refused.

Thereupon the president addressed himself directly to the Senate in a special message, in which he expounded his interpretation of executive authority.[2] He declared that the Constitution gave to him the sole right of removal or suspension; he was responsible to the people alone: "I regard the papers and documents withheld and addressed to me or intended for my use and action, purely unofficial and private; not infrequently confidential, and having reference to the performance of a duty exclusively mine." The clause of the tenure of office act which required reasons for suspensions had been repealed in 1869.[3] "Neither the discontent of party friends nor the allurements constantly offered of

[1] Cleveland, *Presidential Problems*, 48.
[2] Mason, *Veto Power*, 41.
[3] *U. S. Statutes at Large*, XVI., 6.

confirmation of appointees conditioned upon the avowal that suspensions had been made on party grounds alone, nor the threat proposed in the resolutions now before the Senate, that no confirmations will be made unless the demands of that body be complied with, is sufficient to discourage or deter me from following in the way which I am convinced leads to government for the people." [1]

The president had precedent on his side. Former presidents had made similar refusals, and Senator Sherman was confronted with a striking letter of protest which he himself sent to the Senate in 1877, when he occupied the office of secretary of the treasury. In this contest the Senate gained little popular sympathy; instead of endeavoring to aid the president by advice, it was open to the charge of sparring for partisan advantage. Finally the Senate gave way, but obstinately passed resolutions upholding its interpretation of the relative power of the executive and Senate, and censured the attorney-general.[2] The Senate later relieved itself in part of the charge of factious hostility by repealing what was left of the tenure of office act,[3] restoring to the president the power of making removals at all times without the consent of the Senate.

[1] Richardson, *Messages and Papers*, VIII., 375.

[2] Reported in open session, February 18, 1886, *Senate Reports*, 49 Cong., 1 Sess., No. 135; see also Cleveland, *Presidential Problems*, 67.

[3] *U. S. Statutes*, 49 Cong., 2 Sess., chap. cccliii.

The success of the reform principle was greatly imperilled by the indifference of some of the cabinet officers and of officials at the head of large and important bureaus. These officers were primarily chosen for special reasons entirely distinct from loyalty to the new civil-service policy. As, of course, it was impossible for the president to supervise the entire field of appointments, varying interpretations of the merit system could easily creep into the different branches of the public service. The "policy of equalization" as adopted by the postmaster-general was startling. That nearly all of the forty-nine thousand postmasters commissioned by him were Republicans was regarded as a gross abuse. To allow them to serve out their term could not be tolerated, and so a certain number of them were marked for removal on the ground of "offensive partisanship."[1] Democratic congressmen busily sought affidavits or newspaper clippings to prove partisanship. Fourth-class postmasters were removed by the thousand.[2] So rapid were the changes that there was early evidence that the entire force would be replaced with new men in two years instead of four.[3]

A mockery of the law governing the classified service was shown in some offices by evasions and trickery. The postmasters in Indianapolis, Philadelphia,

[1] *N.Y. Tribune*, May 16, 1885; *Nation*, XL., 410 (May 21, 1885).
[2] Swift, in *Forum*, XIV., 203 (October, 1892).
[3] *Nation*, XLI., 123 (August 13, 1885).

Baltimore, and Milwaukee made wholesale changes in the clerical force and embarrassed the administration by their reckless haste. The postmaster of Baltimore swept his office of Republicans, and took "pride and pleasure in advising that the new appointees were appointed because they were Democrats. I am sure that my course in this respect has met the approval not only of Democrats, but also of fair-minded Republicans, and I shall not concern myself as to the views of Mugwumps." [1] Watterson, of the Louisville *Courier-Journal*, declared that "officially every man is offensive who is not in sympathy with the party in power. That is the meaning of the Democratic idea of representative republican government based upon party responsibility." [2] In the railway mail service, a bureau requiring for its efficiency experience and expert training, three-fourths of the employés were removed; and in the patent office and Indian service extensive and harmful changes were made. Some of the appointments were distinctly bad. A few in the treasury department were notorious, as that of Higgins as appointment clerk, and three unsuitable internal-revenue collectors in New England. It was impossible for the president to inform himself fully in regard to the qualifications of candidates. Spoilsmen of the old order, as Senator Gorman, of Maryland, and Vice-President Hendricks,

[1] *Nation*, XLIII., 24 (July 8, 1886).
[2] *Public Opinion*, II., 142 (December 4, 1886).

of Indiana, stood high in the party councils, and their advice could not lightly be set aside. Cleveland came to Washington with but little acquaintance with representatives and senators, save from his own section, or as made in the heat of the campaign. Whether he was innocently deceived by bad advisers, or whether he consciously determined that in states where there was but little awakening towards a better order of political service it was useless to impose too high standards, is a question still in controversy; probably both reasons affected the results.

Notwithstanding these many evidences of partisanship, the president frequently showed an independence of party pressure which renewed the hopes and faith of doubting reformers. For the important position of postmaster of New York, he reappointed Pearson, who had worked up from the lowest grade of the postal service until made postmaster by President Garfield, in 1881. Of like character was the restoration to the naval office in New York of a Republican, Mr. Burt, who had been set aside by his own party leaders because of his adherence to the merit system. In some of the bureaus outside of the jurisdiction of the civil service commission, the principles of civil service reform were recognized. Mr. Jordan, treasurer of the United States, announced that he would make no changes for political reasons, and that efficiency alone would be the condition of tenure in his office. The bureau of

engraving and printing, which was not included under the civil-service law, was declared to be not an "eleemosynary institution"; and the policy of reform was carried out there; in thirteen months there were but seven original appointments in this bureau.

In the face of this conflicting policy the confidence and faith of reformers was sorely tried. Bad appointments, good appointments, removals, and reappointments, contemptuous sneers at reform and hearty commendation went side by side. At first reformers found encouragement; the National Civil Service Reform League, in August, 1885, resolved that President Cleveland had proved "amid perplexities and difficulties his fidelity to the patriotic principles asserted in his letter of December 24, 1884."[1] Beyond the requirement of that law, important administrative officers of the party, opposed to the administration, had been appointed and retained in positions commanding large patronage. The interference of senators and representatives with executive action had been signally rebuked, and reasons for removals and suspensions had been frankly stated to the country. But later on, as the principle of equalization was lost sight of, Curtis complained that "in the survey of the whole service there has been about as complete a change as was practicable." In 1885 the number of Federal employés was about 120,000, of whom only 14,000

[1] See also Curtis, *Orations and Addresses*, II., 285.

were protected under civil service rules; of this entire body of Federal office-holders, two-thirds were changed during the first half of the administration. Of the chief officers, including fourth-class postmasters, collectors, land officers, numbering about 58,000, over 45,000 were changed. All of the 85 internal-revenue collectors were displaced; and of the 111 collectors of customs, 100 were removed or not reappointed.[1]

Independents, Mugwumps, and reformers were divided in their judgment on this result; some, disgusted with promises which proved delusive, turned back to the Republican party; some sank their despair of reform and found in Cleveland's tariff principles a new reason for supporting the Democratic party; some remained critical yet sympathetic, hoping against hope and seizing every opportunity to educate the people, confident that popular pressure would in time force the unconverted politicians to accept the practice, if not the principles, of reform; while others found comfort in the thought that, if the president was not giving the Independents all they wanted, he was standing between them and a good deal which they did not want. Many reformers also recognized the burden which the president had to carry; if he had continued an unbending fidelity to reform, such as he seemingly promised when elected, he would have ruptured his party,

[1] Curtis, *Orations and Addresses*, II., 343; for details, see *Senate Reports*, 50 Cong., 1 Sess., No. 2373.

alienated the Democratic majority in the House of Representatives, and so isolated himself politically that he would have been unable to serve reform or any other good cause.[1] The confidence of reformers was reawakened when the president, July 14, 1886, warned office-holders against using their official positions to control political movements either at primaries or nominating conventions; for an official to use his position to secure delegates to political conventions was "indecent and unfair"; "office-holders are the agents of the people, not their masters."[2] Two district-attorneys, one a Republican and the other a Democrat, were removed for disobedience to this order; when protests were made against the injustice of these dismissals, the cases were reopened, and the Democrat was restored to office, while the Republican was condemned.[3] The president was immediately accused of insincerity, and the hopes of reformers were once more cast down.

Unfortunately the civil service commission did not show energy. It feared the politicians, and would not stand up for a firm adherence to the law; much less did it endeavor, by valiant defence and popular argument, to crush hostile criticism. Occasionally, after protests and complaints from reformers, it made a feeble investigation, but its findings were inconclusive and little to be feared by the

[1] Curtis, *Orations and Addresses*, II., 347.
[2] Richardson, *Messages and Papers*, VIII., 494.
[3] *N. Y. Tribune*, November 25, 1886.

spoilsmen. The membership of the commission deteriorated. Two of its members, Oberly and Edgerton, were political hacks, and in 1887 one of the members brought his office into contempt by making campaign speeches in Maryland. The triumph of the spoilsman Gorman was complete. Only in the latter part of Cleveland's administration did the commission display activity. In May, 1887, under its advice, the executive enlarged the civil service rules by extending the competitive principle to promotions;[1] and early in 1889, after the election of Harrison, the railway mail service was transferred to the classified service, to go into effect on March 15.[2]

Notwithstanding the sweeping changes which were made in the unclassified service, many Democrats complained of the retention of Republicans. The Tammany Society resolved, in 1885, that the civil service law was an abridgment upon the privileges conferred upon the chief servants of the people.[3] The Democratic state convention of New York, at the same time, passed unsatisfactory resolutions on civil service, and renominated Hill for governor, who openly scorned the merit system. Democrats in the same breath indorsed Cleveland and denounced the civil service law as a substitution for personal and party responsibility; "life-tenure,

[1] Richardson, *Messages and Papers*, VIII., 575.
[2] *Ibid.*, 845.
[3] *Nation*, XLI., 228 (September 17, 1885).

a civil pension list, and all other appendages of a bureaucratic system" were declared to be "foreign to the genius of our institutions and people."[1] In May, 1886, an effort led by Randall, chairman of the House committee on appropriations, was made in Congress to annul the civil service law. Once more it was gravely argued by Democrats that the law was unconstitutional; and Republicans were told by their own leaders that they should scorn to serve their country under a Democratic administration. No leader in either House was an aggressive reformer. "The shepherds are in the fog, and hate to try the upward path, and the sheep can only bleat plaintively for the lost pastures of patronage."[2] The attacks proved futile, but Congress only grudgingly increased appropriations, and at no time during President Cleveland's term made them adequate to the normal growth of the service.

[1] Democratic platform of Kentucky, *Tribune Almanac* (1888), 26.
[2] Curtis, *Orations and Addresses*, II., 314.

CHAPTER III

ORGANIZED LABOR

(1884–1888)

NEXT to the transfer of political power from the Republicans to the Democrats, the most important and constant subjects of interest were the contests of labor and the various movements put forward to change the economic organization of society. In no decade of our history has there been such wide-spread evidence of discontent. Not only did workmen in the mills, factories, and mines, and on the railroads protest against the existing conditions of employment, but there was profound disappointment and unrest on the part of the sections of society which lie between the artisan and the rich. Organized labor struck and boycotted; legislatures passed factory laws and established boards of arbitration; men of property and intelligence, with gospel zeal, advocated the seizure by the state of economic rent; while others turned sympathetically to socialism as presented in the attractive guise of "nationalism." Anarchy even obtained a foothold. Strikes were no new thing, but not until this period were they recognized as a part

of the routine of industrial life. Most of the workmen in individual trades had been organized into national unions; but not until 1881 was any permanent progress made in combining different trades and classes of workmen to support a common platform. To the earlier dissatisfaction with the money system, the tools of exchange, and the instrument for measuring values, was now added dissatisfaction far deeper, extending to a demand for a different distribution of wealth. The crisis of 1883 and subsequent depression seriously affected railroad business and led to reduction of wages, and to other economies of management which proved irritating to employés. In 1885 the workmen of the Missouri Pacific Railroad struck for the restoration of a higher scale of wages, and won.[1] Elated by victory, they sought to push their demands still further.

In this contest the general order of the Knights of Labor became involved. This organization, founded in 1873 with apparently the most peaceful intent, was based on the principle of alliance of all classes of workmen of every trade within one common association, instead of unions on trade lines alone. Its printed declarations emphasized mutual helpfulness and co-operation; its purpose was "the organizing and directing of the power of the individual masses" in order "to make industrial and moral worth, not wealth, the true standard of individual

[1] Taussig, in *Quart. Jour. Econ.*, I., 168 (January, 1887).

and national greatness."[1] Only in the principle "the injury of one is the concern of all" could even a remote explanation be found for the disturbances in which the order was involved in 1886. The organization had grown rapidly; workmen who little understood its principles joined by thousands, eager to find some instrument for the redress of wrong or to gain from the employer some new advantage. Between 1885 and 1886 the membership grew from one hundred and eleven thousand to seven hundred and thirty thousand so rapidly that the executive board endeavored to check the initiation of new members.[2] A lawless element gained admission into the order of the Knights, and in some districts tramps and toughs were enrolled.

The labor movement now reached a crisis; in 1886 the number of strikes was more than twice as many as in any previous year.[3] During the opening months there were nearly five hundred labor disputes, mostly for advance in wages; and later many strikes were undertaken for shorter hours of labor. At the head of the order of the Knights was Terence V. Powderly, regarded as honest, intelligent, and conservative. The central body in the order, however, did not have complete or ascertained jurisdiction over strikes, and its normal influence was not strong enough to control the loosely at-

[1] Preamble of Knights of Labor, in Ely, *Labor Movement*, 86.
[2] Wright, in *Quart. Jour. Econ.*, I., 156 (January, 1887).
[3] Commissioner of Labor, *Third Annual Report* (1888), 12.

tached "district assemblies" scattered over the country.

These elements of weakness were well illustrated in the Southwestern Railway strike. In 1885 District Assembly No. 101 of the Knights of Labor, which had its headquarters at St. Louis, hastily extended the number of local lodges from five to thirty. Officials of the order interfered with the shop management of the railroads until discipline became lax and work expensive. In December the Texas & Pacific Railroad went into bankruptcy, and the receivers notified the workmen that previous agreements as to labor contracts were no longer binding. Labor leaders, on the other hand, claimed that the receivership was unnecessary, and brought about for the express purpose of providing an excuse on the part of the road to destroy labor organization. In February, 1886, a mechanic at Fort Worth, Texas, who was a prominent Knight, was discharged for cause, and, as the management refused to reinstate him, the shopmen struck. The strike spread until it affected the Gould system in Texas, Missouri, Kansas, and Illinois, so that six thousand miles of railway were tied up. The situation became desperate; trains were held up by force; there was violence and loss of property, and in some states the militia was called out. In Illinois the governor did not act promptly, but left the maintenance of law and order to untrained deputy-sheriffs. On April 9, 1886, a squad of special depu-

ties fired upon the crowd at the railway yard in East St. Louis, Illinois, and killed several spectators.[1] For seven weeks the strike ran its course, until finally it ended in complete failure.

This dispute brought severe criticism upon the entire order of Knights of Labor, by whom it had been officially conducted. Notwithstanding Powderly's efforts to bring the strike to an end, the local body in St. Louis, under a ruffianly and ignorant district leader, Martin Irons, kept up the fight. It was difficult for the public to judge in regard to the merits of the original dispute, although it was prompt to denounce violence. Jay Gould, the president of the Missouri Pacific Railroad, was held in slight esteem, and by common judgment did not compare with Powderly in qualities of honesty and sincerity. Not least among the consequences of these disturbances was the direction of public attention to the weakness of state and local authorities in controlling mob violence and rioting. An investigation was made by Congress,[2] but the findings unfortunately failed to make due impression because of the suspicion that the party in power was not sincere in its inquiry. While this industrial contest was going on in the West, a serious strike was undertaken by the employés on the Third Avenue Street Railway in New York, against the advice of the executive board of the Knights of

[1] Taussig, in *Quart. Jour. Econ.*, I., 208.
[2] *House Reports*, 49 Cong., 2 Sess., No. 4174.

Labor. This lasted for months, and was marked by violence; every car driven was guarded by a policeman.

Prominent among the demands of labor at this time was the eight-hour day, and May 1, 1886, was the date appointed when it was to go into general effect. Many employers would not assent, and strikes were the result, extending over the whole country, particularly in the building trades. The most serious disputes were in Chicago, where a strike of freight-handlers led to disturbances in other industries involving some sixty thousand men and women. Highly incendiary speeches were made by anarchists, and on May 3 a conflict at the McCormick Reaper Works took place between the police and the strikers, in which several were wounded. On the following day a meeting was held in Haymarket Place to denounce the "atrocious attack of the police in shooting on our fellow workmen." Addresses were made by anarchists, as by August Spies, editor of the *Arbeiter-Zeitung*, by A. B. Parsons, an American, and by Sam Fielden, an Englishman. The address of the latter was extremely violent, and led the police to order the gathering to disperse. Upon this a bomb was hurled from the crowd and the mob fired upon the police, wounding sixty and killing seven.[1]

Not only Chicago but the whole country was terrified and almost panic-stricken by the event. An-

[1] *Encyclopedia of Social Reform*, 226.

archists had thus far been treated with tolerance in the United States, for few had believed that the violence and secret plotting which characterized their operations in Europe would be imported into a country with boasted free democratic institutions. Wrath in particular was directed towards the Germans, Poles, and Bohemians, who were held responsible for raising the red flag on American soil. Prompt punishment, in which the spirit of revenge found no little place, was demanded; and in July eight anarchists were arraigned for trial. The testimony was of the most startling character; dynamite was found in the office-desk of Spies and in the home of one Engel; and it was shown that the use of bombs had been advised in case of conflict with the police. Seven of the eight were sentenced to be executed. Of more serious import to the country was the evidence as to the general policy of anarchists; extracts from their newspaper organs were read, which showed that the bomb-throwing of May 4 was no accidental occurrence; articles were written describing the manufacture of dynamite and bombs; and the comrades of "the cause" were repeatedly urged "to clean their guns" and be prepared for action.[1]

In Milwaukee a collision between a mob and the police was promptly ended by the action of Gov-

[1] Official report of the trial, containing extracts from the *Arbeiter-Zeitung*, *Die Fackel*, and the *Alarm*, printed in *Northeastern Reporter*, XII., No. 16 (October 7, 1887).

ernor Rusk; the militia, when ordered out, dispersed the mob by firing a volley over their heads. In November there was a strike in the Chicago stockyards, the largest one since the railway trouble of 1877. Twelve thousand men were involved, and again the militia was called upon to maintain quiet. President Cleveland was early impressed by the seriousness of the situation. In April, 1886, he sent a special message to Congress,[1] the first on a labor question since the founding of the government, in which he proposed the establishment of a commission of labor composed of three persons, who should be regular officers of the government, charged among other duties with the consideration and settlement of all controversies between capital and labor. He expressed a preference for a permanent board over temporary arbitrators "chosen in the heat of conflicting claims." Although the spirit of the message was generally commended by all parties, it excited comment on the ground that it was a long step towards centralization, and committed the Democratic party to the doctrine of implied powers. Congress had already recognized the new claims of "labor" by establishing, in 1884, a national bureau of labor for statistical inquiries;[2] and the House, in December, 1883, had created a standing committee on labor. A bill was now proposed establishing a board of arbitration for each industrial

[1] Richardson, *Messages and Papers*, VIII., 394.
[2] *U. S. Statutes*, 48 Cong., 1 Sess., chap. cxxvii.

dispute as it arose, a plan less radical than that of the president.[1]

As neither this nor the president's recommendation was acted upon, Cleveland again dwelt upon the need of industrial peace in his message of December, 1886, urging that labor should be aided not only by changes in the tariff and by distribution of the public lands, but also by more positive and direct methods.[2] Congress was not willing to go so far as the president, but in October, 1888, enacted a law for the settlement of differences between railroads and their employés.[3] Arbitration, however, was made voluntary, subject to agreement of both parties, and settlement was confined to investigation, for there were no powers for enforcing the award. As a practical measure the law was of little service; it was a sign of good-will and though not compulsory, it was thought that there would be a moral assumption against the party which refused to consent to it.

State legislation also turned to arbitration. During 1886 and 1887 four states—Massachusetts, New York, Iowa, and Kansas—passed acts providing for boards of arbitration,[4] in no case, however, with

[1] *Cong. Record*, 49 Cong., 1 Sess., pt. iii., 2959; McPherson, *Handbook of Politics* (1888), 47.

[2] Richardson, *Messages and Papers*, VIII., 524.

[3] *U. S. Statutes*, 50 Cong., 1 Sess., chap. mlxiii.

[4] *Statutes of Mass.* (1886), chap. cclxiii.; *N. Y.* (1887), chap. lxiii.; *Iowa* (1886), chap. xx.; *Kansas* (1886), chap. xxviii.; see also Industrial Commission, *Report*, V., 148.

compulsory power. In Massachusetts the decision of the board was binding for a limited period, but only when both parties joined in an application to the board to act.

The year 1886 proved to be the turning-point in the fortunes of the Knights of Labor. Public sympathy was forfeited when the order passed resolutions appealing for mercy for the seven condemned Chicago anarchists.[1] Powderly and the conservative element worked hard to suppress the anarchistic group which had gained power within the order, and in the following year succeeded in defeating a resolution of sympathy with the anarchists who were then condemned to death.[2] This belated victory was accompanied, however, by a secession of the radicals. In vain did the head of the Knights tell his associates that the policy of promoting strikes was a mistake, and that when the men did strike they made fools of themselves by not knowing how to strike. "They always strike at the top leaf on the tree, because it appears plainest to the vision; but they always leave the root undisturbed to grow other and more powerful shoots."

Of more serious consequences to the fortunes of the Knights of Labor was the growing opposition of the trades-unions, which placed emphasis upon trade autonomy, and demanded that each trade

[1] *Public Opinion*, II., 41 (October 30, 1886).

[2] *Nation*, XLV., 282 (October 13, 1887); *Journal of United Labor*, October 29, 1887.

should promote its own interests, while the Knights advocated that all labor should be brought into one society. Workmen who joined both organizations were hence subject to a dual authority. The Knights were accused of admitting "scabs" and men who were not "square" with their unions, and of aiding unfair employers in their fights against the unions; of ordering men to work below the union scale of wages, and to join in boycotts with which trades-unions had little sympathy.[1] A federation of ninety-five trades-unions was formed in 1881, but it acquired little influence until 1886, when a reorganization took place under the name of the American Federation of Labor.[2] The grave mistakes made by the Knights in that year gave the autonomous principle of trade-union organization its opportunity, and thenceforth it thrived at the expense of its rival.[3] Strikes and co-operative schemes embarrassed the treasury of the Knights, and later the order was involved in political entanglements: in 1896 it indorsed free silver, in 1898 condemned expansion, and in 1899 called President McKinley a "bitter opponent of labor."[4]

All these forms of organized labor aroused antagonism and distrust, not only on account of the

[1] See authorities quoted by Kirk, in *National Labor Federations*, 24, 25.

[2] Aldrich, "American Federation of Labor," in *Economic Studies*, III., 223.

[3] *Ibid.*, 236.

[4] Industrial Commission, *Report*, VII., 109; Adams and Sumner, *Labor Problems*, 221.

occasional violence which accompanied their contests, but also because of their use of the boycott and sympathetic strike. Many friends of the labor cause, who condoned occasional errors of judgment on the part of its leaders, were gradually alienated by practices which seemed to be crystallizing into an established policy of terrorism. In a single year boycotts were indorsed by the National Federation of Labor against a New York newspaper for employing non-union labor; against the beer of certain breweries because a brewers' association was endeavoring to "crush" the workingmen's organization; against the cigars of a Rochester factory which was denounced as a "scab"; against a certain brand of cigars because the manufacturers had reduced wages and taken in aliens imported from abroad; against certain coffees because the manufacturers were members of the Iron Manufacturers Association which had a wage dispute with employés belonging to the Amalgamated Association of Iron and Steel Workers.[1] The public would not stand for such practices; it would not admit the reasonableness of a strike by laborers who had no immediate grievance. The walking delegate, as the agent who ordered strikes was called, was a new factor in American industrial life, and was regarded as inconsistent with that independent conduct of business which had been traditional throughout the

[1] American Federation of Labor, *Proceedings of the Third Annual Convention* (1888), 26.

country. It was held absurd that a cigar-worker of Brooklyn should have power to give orders to silk-weavers in Newark as to whether they should work or not.

An illustration of the popular unrest was seen in the interest aroused by the teaching of Henry George, whose *Progress and Poverty*, published in 1879, was a brilliant exposition of the doctrine that as population grows more numerous the demand for land increases, resulting in an unearned gain to the landlord and a loss to the other agents in production, the capitalist and the wage-earner. The remedy proposed by George was the appropriation by society of economic rent, a result that could be best accomplished by discriminating taxation. As this tax was expected to be so productive that no other source of revenue would be necessary, either for national or local purposes, the reform was commonly known as the "single-tax" movement. Notwithstanding the abundance of land in America, and the apparent remoteness of a land problem as defined by George from existing conditions in the United States, the theory won many adherents. The very simplicity of the remedy, reinforced by the eloquent exposition and sincerity of its expounder, attracted a following from those who were puzzled by the signs of poverty in the midst of growing wealth. The remedy also appealed to thorough-going free-traders, who were weary of the compromises of tariff-reformers, and who saw an

unexpected way of destroying tariff barriers by eliminating the customs duties.

The response of Henry George to the wishes of the working-men to lead them in the mayoralty campaign in New York, in 1886, gave him a desired opportunity to picture "the striking contrast between monstrous wealth and debasing want." He espoused the cause of the "little ones dying by thousands in this city; a veritable slaughter of the innocents before their time had come." [1] As Mr. George secured in advance of nomination pledges of support from thirty-four thousand voters, the Democrats sank their factional differences and selected for their party candidate for mayor Abram S. Hewitt, outside of the ranks of Tammany. Hewitt declared that an attempt was being made to organize one class of citizens against all other citizens, and professed to believe that a considerable portion of the people desired to substitute the ideas of anarchists, nihilists, communists, socialists, and mere theorists for the democratic principle of individual liberty. Although George was committed to a special programme of reform, and on many points antagonized the principles of trade-unionism, labor showed its anger towards each of the old parties by rallying to his support. He received a large vote, polling 68,110 out of a total of 219,679. Politicians were bewildered, and especially was there anxiety among the Democrats, for the largest

[1] George, *Henry George*, 469.

part of the secession apparently came from their ranks.

The mayoralty campaign did not divert George from his programme of reform. In 1887 he founded a weekly newspaper, *The Standard*, which for several years served as an effective organ of agitation. Single-tax societies sprang up, and alongside of them in the larger cities "Anti-Poverty Societies" were established, being "a movement to awaken in the hearts and minds of the poor and outcast of the great city a hope for a civilization that should be based on social justice and bring peace and plenty to all." [1] Dr. Edward McGlynn, a Catholic priest, who was made president of the New York society, accepted the responsibilities with spiritual zeal and came into conflict with the authorities of his church. His subsequent excommunication lifted him and his movement into national view. "The Cross of the New Crusade," the title of Dr. McGlynn's lecture, excited the imagination and raised the hope that a new economic theory, animated by religious sacrifice, would restore material prosperity. These hopes lasted but a day. George entered into another unsuccessful contest for a state office, by which he lost prestige; and there were dissensions among his followers. While the "single-tax" movement failed as a "reform," it left a permanent impress in turning attention to more rational methods of local taxation.

[1] George, *Henry George*, 491.

Hardly had interest in Henry George and the single-tax doctrine begun to wane, when a fresh impetus was given to reform by the publication, in 1888, of *Looking Backward*, by Edward Bellamy. This was a Utopian romance, in which conditions of society, political and industrial, were portrayed as of the year 2000 A.D. The story, though slender in its plot, had a certain charm and was widely read. To many it was more than a story; the society which was described seemed to fulfil the aspirations of those who were looking forward to a better order of affairs, in which the direction of government should take the place of competition, which is simply the application of the brutal law of the "survival of the strongest and the most cunning." [1] A literary fairy tale was converted into a "destined corner-stone of this new social order." "Nationalist" societies were organized throughout the country to promote the new system. The supply of light and heat was to be municipalized, and railroads, telegraphs, telephones, and coal-mines were to be nationalized. In effect, this was state socialism. Within a year, the movement made its mark and attracted to its support men of education and means.

Although it achieved no immediate practical results, the Bellamy agitation promoted discussion in regard to the fundamental principles of industrial organization, free from the passions aroused at

[1] Nationalist platform, reprinted in *Encyclopedia of Social Reform*, 918.

times by the clashing of labor and capital in strikes, and helped to prepare the way for a more intelligent discussion of the advantages and evils of trusts and the need of control of corporations. The principle of government ownership or control became the favorite solvent for social ills. It received partial indorsement in the enactment of the interstate commerce act, in 1887, and the Sherman anti-trust act, in 1890. The Nationalists found comfort in the advocacy of government ownership of telegraphs by Postmaster-General Wanamaker, in 1891, and in the demands made for municipal ownership of the newly developed industry of electric lighting. The platform of the People's party, formed at Cincinnati in 1891 and ratified at St. Louis in 1892, was further evidence in the same direction. Half of the farmers' weeklies west of the Mississippi indorsed the principles of the Nationalists.[1] "The Utopian dream of the visionaries became the gospel of the masses of the people." [2]

[1] Edward Bellamy, in *North Am. Rev.*, CLIV., 750 (June, 1892).

[2] *The New Nation* (organ of the Nationalists), June 1, 1892.

IV

TARIFF AGITATION

(1885–1889)

THE total amount of important legislation enacted during Cleveland's first term was small; there was good reason, inasmuch as the Republicans always had control of the Senate, and the president was not in accord with his own party on the three important issues of civil service reform, lowering the tariff duties, and the cessation of further purchase of silver for coinage. The serious difficulties he encountered in upholding the merit system have been narrated. In the field of finance the disagreements were also marked, and not until the last year of his term was the president able to secure from his party in the House a serious consideration of the question of tax reduction. Even then the discussion came about not so much on principle as because a surplus furnished fresh arguments for revenue reduction and for new fields of expenditure. The calling-in of government bonds also threatened to exhaust the basis of bank-note circulation, and a full treasury encouraged the silver party to renew the contest for free coinage.

During the fiscal years 1882–1885 the excess of receipts over expenditures amounted to $446,000,000, and the public debt was reduced from $1,820,000,000 in 1881, to $1,375,000,000 in 1885. But a small part of this—in 1885 only $195,000,000—could be retired at the call of the treasury; beyond that, no decrease was possible except through the willingness of bondholders to sell or by the redemption of greenbacks. There was every reason to expect a continuation of excess revenue as long as the then existing schedules of tax rates were maintained, and as long as no abnormal appropriations were voted. The consumption of tobacco and beer kept pace with the growth of population, thus insuring ample internal-revenue receipts; and the increase of wealth led to large importations of foreign goods, which swelled the customs.

Nor were these expectations disappointed. In the four years of Cleveland's administration the surplus was four hundred and twenty-two million dollars. The one hundred and ninety-five million dollars of bonds which could be extinguished at the treasury's option were quickly absorbed. Tax reduction could not be secured; and on expenditures the president and his party were not agreed. The river and harbor bill of 1886[1] was signed by the executive only with reluctance, and that of 1887 received a pocket veto.[2] The treasury department

[1] *U. S. Statutes*, 49 Cong., 1 Sess., chap. dccccxxix [929].
[2] Hart, *Practical Essays on Am. Government*, 231.

had, therefore, no other course than to store up funds or to buy bonds in the market as best it could. One year's surplus revenue retained by the treasury meant a reduction in the monetary circulation of at least one-twelfth; and such a contraction might easily precipitate a crisis. A policy of depositing the government surplus with banks was not popular, and for a time the treasury questioned whether it had the power. Moreover, if the treasury department bought bonds, it was open to the charge of giving bonuses to bondholders by the payment of premiums and of promoting speculation in government securities.

Although some maintained that authority to purchase bonds had been permanently granted to the secretary of the treasury by the civil appropriation bill of March 3, 1881, Secretary Fairchild, who succeeded Manning, and was cautious in his management of treasury affairs, hesitated until he had received express legislative sanction.[1] After much wrangling, in 1888, when the plethoric condition of the treasury demanded instant relief, both branches of Congress, through the passage of separate resolutions, gave their approval to the purchase of bonds.[2]

The insincerity of the pledges made by the Republicans and Democrats alike, in 1884, to revise

[1] Sec. of Treasury, *Finance Report* (1887), xxviii.

[2] *Cong. Record*, 50 Cong., 1 Sess., pt. iv., 3023; Noyes, *Thirty Years of Am. Finance*, 125.

the tariff was clearly apparent. Neither party had been specific as to the method, and between the two declarations there was little to choose: the Republican party pledged itself to correct inequalities in the tariff and to reduce the surplus; the Democratic party agreed to revise the tariff in a spirit of fairness to all interests and without injury to domestic industries. Each also extended support to the laborer: according to the Republican platform, duties should be so levied that capital and labor would have their just reward; under the Democratic plan every change must be regardful of the labor and capital thus involved. The only divergence found in the Republican platform was a recognition of the sheep industry as entitled to adequate protection; the Democratic party made more of the necessity of economy, and declared that sufficient revenue could be obtained from well-adjusted taxes on fewer imported articles, placing the heaviest duties on articles of luxury.

During the campaign of 1884 the Democrats treated the tariff question in a gingerly manner, apparently striving to make it as easy as possible for dissatisfied Republicans to vote their ticket. Notwithstanding the pledges, no change was made; until 1888 the Democrats quarrelled among themselves as to the methods of tax reduction, and when the discordant element was reduced to silence, the Republican Senate blocked the way with a plan of its own. Nor was there any deep-seated public

demand for a reduction of tariff rates on the part of producers or of consumers. If the surplus had not continued to pour into the treasury with an accelerated speed, it is highly probable that the tariff discussion would have been allowed to slumber, although the president, in season and out of season, preached reduction of revenue. He was characterized as "infatuated" with this plan of relief, and even charged with allowing money to accumulate in the treasury and of "nursing" a surplus so as to produce a "condition," and thus create a free-trade sentiment.[1] In the message of 1885, Cleveland placed the need of tax reduction solely on the ground of excess revenue, and declared that there was no occasion for a discussion of the wisdom or expediency of the protective system. Yet he so far followed the party platform as to suggest that reductions be made upon necessities rather than upon luxuries.[2]

The Democratic party suffered from a lack of financial leadership in the House. The chairman of the committee on ways and means, William R. Morrison, of Illinois, had already lost prestige in an attempt to pass, in 1884, the so-called "horizontal reduction" bill,[3] a measure which was illogical in

[1] Harrison's letter of acceptance, September 11, 1888, in McPherson, *Handbook of Politics* (1890), 27.

[2] Richardson, *Messages and Papers*, VIII., 348.

[3] Stanwood, *Am. Tariff Controversies*, II., 220; Taussig, *Tariff Hist. of the U. S.*, 251; cf. Sparks, *National Development* (*Am. Nation*, XXIII.), chap. xix.

principle and satisfied neither party. There was a general fear that any tariff plan which he might propose would miss that delicate touch which had been so cautiously promised in the platform of the party. To revise the tariff without injuring established industries was a work of enormous difficulty, and required a larger amount of practical experience in the industrial world and a greater knowledge of the details of business than had fallen to the lot of most of the Democratic leaders. On February 15, 1886, Mr. Morrison introduced a second tariff measure, by which lumber, wood, fish, salt, flax, hemp, jute, and wool were included in the free list.[1] The country interpreted this measure as a turning towards free trade. The proposal to place wool upon the free list alarmed the farmers, and there was a suspicion that this was but the beginning of a prolonged attack upon protectionism. Though coal and iron were left protected, it was represented that this was but a ruse to capture sectional votes, and that, later, minerals and metals would be sacrificed upon the altar of free trade.

By a vote of 157 to 140 the House refused, June 17,[2] even to consider the bill, 35 Democrats under the lead of Randall, of Pennsylvania, joining the Republicans in opposition. The dissensions within the Democratic party were accentuated when Randall, a few weeks later, introduced a bill framed

[1] Taussig, *Tariff Hist. of the U. S.* 252.
[2] *Cong. Record*, 49 Cong., 1 Sess., pt. iv., 5829.

on protection lines; he received scant courtesy from his party associates of the committee on ways and means, who reported that the bill increased rather than reduced revenue, and that thus the party would not be placed in a fair way of redeeming its pledges.[1] The Republicans argued that the bill did not aim at correcting inequalities, but withdrew all protection from some industries. There were indications that the Republican party was slipping away from its platform of 1884, a tendency further marked by contemptuous objections to any "tariff tinkering" whatever.

In his second message, December, 1886, Cleveland began the work of educating his party. Not only did he refer to the exaction of revenue above the needs of the government as ruthless extortion, but he laid emphasis upon the burden of taxation on certain classes. He called attention to the taxes paid by the farmers, and questioned whether laborers were not placed by the tariff at a disadvantage. He recommended reductions not only on necessaries of life, but also on raw materials, and declared that there must be a willingness on the part of some to make concessions for the public good.[2] The Congress which had rejected Morrison's bill in June was still in power, and could not be moved even by the president's appeal. The House once more, by

[1] *Cong. Record*, 49 Cong., 1 Sess., pt. vii., 6756 (July 10, 1886).

[2] Richardson, *Messages and Papers*, VIII., 509–511.

a vote of 154 to 149, December 18, declined to consider revenue bills.[1] Cleveland was not discouraged; there were early rumors that the administration would present to the next Congress a still more decisive plan of tax reform, but that concessions might be made to Randall and his followers by freeing tobacco from internal-revenue duties.[2]

Any hope that the party would get together under a programme of this character was destroyed by the president when, departing from all precedents, he devoted his entire annual message of December, 1887, to revenue reform.[3] Few documents issued by an executive have attracted so much attention as did this state paper. The president dwelt upon the indefensible extortion in raising revenue beyond the needs of the government, by which money was needlessly withdrawn from trade and the people's use. On the one hand there was a congested national treasury, and on the other a depleted monetary condition in the business of the country. The results were twofold—schemes of public plunder were incited, and financial disturbances were threatened. The remedies available to cure the evil were discussed, with a recital of the difficulties which hampered the purchase of bonds. As internal-revenue taxes were not laid upon necessaries, and as there was no just complaint of this form of taxation,

[1] *Cong. Record*, 49 Cong., 2 Sess., pt. i., 269.
[2] *Public Opinion*, III., 473 (September 17, 1887).
[3] Richardson, *Messages and Papers*, VIII., 580.

he considered that a reduction in those schedules was of little importance. The president then entered upon an academic discussion of the incidence of taxation, in terms which were general and vague, and which might easily be interpreted as an indorsement of a free-trade policy. The existing tariff was denounced as "vicious, illegal, and inequitable"; and indorsement was given to the proposition that "the amount of duty increases the taxes paid by those who purchase imported goods." Somewhat inconsistently, however, at the close of his argument he announced that the question of free trade was absolutely irrelevant in the discussion of the subject. "It is a condition which confronts us, not a theory."

In spite of the protestations which the president made in advance, not only the Republican press, but Democratic and Independent journals, accepted the message as a free-trade document. The *New York Tribune* declared that the president "made the issue boldly and distinctly, and that the theories and aims of the ultra-opponents of protection have a new and zealous advocate"; the *Press*, of Philadelphia, thought "that a thousand thanks are due to him for his bold, manly, and unequivocal avowal of his extreme free-trade purposes"; the *Sun*, of New York, held that "the most striking and interesting part of the message was devoted to that sort of argument which a free-trade text-book of political economy would follow"; and the Boston *Herald*

was convinced "that it placed the president distinctly in the ranks of the pronounced tariff-reformers."[1] The independence and vigor of the president were generally recognized by Republicans as well as by Democrats.

To some of the president's own party such unexpected action seemed like political suicide. In the election of 1886 the Democratic majority in the House which would sit from 1887 to 1889 had been cut down from 40 to 12; Morrison was defeated, and Carlisle was returned only by a narrow margin. The Senate was Republican, and there was but one session of Congress before the next election. The president was also criticised for not including the reduction of internal-revenue taxes in his programme, and fears were expressed that the Democratic party was rushing to destruction in placing so much emphasis upon tariff reform. After the first shock of surprise, open dissatisfaction in the Democratic party was suppressed; Democratic newspapers rallied to Cleveland's support; and the House of Representatives, under the leadership of the new chairman of the committee on ways and means, Roger Q. Mills, of Texas, promptly entered upon the serious consideration of a tariff bill.

The revision was thorough-going, in that it reached every schedule of the tariff, but the measure in its final form was open to criticism;[2] it was not

[1] For these and many other editorial expressions of opinion, see *Public Opinion*, IV., 193, 217 (December 10, 1887).

[2] Stanwood, *Am. Tariff Controversies*, II., 235.

consistent in its treatment of different industries, and it was not likely to accomplish the object for which the bill was prepared—namely, the reduction of revenue. The average rate of duty was brought down from forty-seven per cent. to forty per cent., a paltry difference when measured by the tests of the president's message. It was probable that the lower rates on the manufactures of glass, wood, wool, crockery, and steel would stimulate importations and thus swell the revenue, and another surplus would be the result. From a fiscal point of view the bill was thus inadequate. More than this, the bill was open to the charge of being sectional in its incidence. Protection of certain industries which flourished in Republican states was sacrificed, while it was left untouched in industries prospering in Democratic states. Duties on iron ore, beginning to be mined on a large scale in Georgia, Alabama, and Tennessee, were preserved; but on the finished products of iron and steel the reductions were large. The duty on rice, a southern crop, was left practically unchanged; while the duty on starch, a New York industry, subject to Canadian competition, was halved. The grades of sugar produced in Louisiana were subject to but a modest reduction; while on the higher grades in which the South was not so much interested the decrease was greater. Coal was left protected, because, it was asserted, of the influence of a Democratic member of the ways and means committee from Pennsylvania.

The method of preparing the bill was criticised; no public hearings were held, and the Republican members of the committee on ways and means were given no opportunity to study the measure until it had been reported to the House. Charges were freely made of star-chamber proceedings, and the measure was characterized as a "dark lantern" bill.

Disagreements also existed among the Republicans. For years the party in the Northwest had been dissatisfied with the existing tariff. In 1886 the Republican convention of Minnesota declared in favor of a "judicious revision of the tariff, with a simplification and reduction of customs duties." [1] In 1886 three Republican representatives from that state voted with the Democrats to give consideration to the tariff bill introduced by Morrison; Iowa, in 1887, hoped that the tariff would be "revised and reduced" whenever public interest approved;[2] and Nebraska in the same year condemned a system of revenue that compels the farmer of the West to pay tribute to the manufacturer of the East.[3]

Other internal differences appeared when Senator Sherman proposed a reduction in duties on sugar and a compensating bounty to home producers; this, however, was not acceptable to Representative "Pig-Iron" Kelley, of Pennsylvania, who feared to open a single gap in the high wall of protection, and thought

[1] *Tribune Almanac* (1887), 20. [2] *Ibid.* (1888), 23.
[3] *Ibid.*, 24.

it would be far better to reduce, if not to repeal, the tax on liquors,[1] and to make the general schedules so high that importations would fall off. Some members, on the other hand, were not averse to an excessive revenue, for generous schemes were on foot for the construction of war-ships, coast defences, and river improvements.

During the long debate which followed, few new arguments in favor of protection or of lower tariff rates were advanced either in Congress or outside. An occasional reference was made to monopolies and the strange forms of "trusts" flourishing under the fostering care of protective taxation; but the importance of this relationship was not pressed, and discussion followed along the old lines marked out in previous tariff contests. The Republicans, as a rule, admitted that the revenue must be reduced, but did not believe that it was safe to intrust the operation to any save the traditional and devoted friends of the tariff. The Democrats, in defence, harped upon the fact that the Mills bill decreased tariff duties by an average of only seven per cent., and that their recommendations were in harmony with those made earlier by Republicans. "This bill," said Representative Cox, of New York, "proposes very little; the wonder is that so much noise has been made because of what it does propose." [2]

Randall, the protectionist Democrat from Penn-

[1] *Cong. Record*, 50 Cong., 1 Sess., pt. vi., 5630, 5684.
[2] *Ibid.*, pt. v., 4331.

sylvania, still opposed his party, and went so far as to introduce a separate bill, the principal feature of which was the removal of the tax on alcohol used in the arts and the reduction of the taxes on distilled spirits. He proposed, further, to reduce the revenue by advancing duties on many goods to almost a prohibitory point. The Mills bill passed in the House July 21, by a majority of thirteen: only four Democrats voted against the bill, while two Republicans and three Independents joined the majority. It was freely charged, however, that its final passage was secured by the exercise of intense pressure by the administration, and that reluctant Democrats were whipped into line by threats of vetoes of local building appropriations.

In June, 1888, the Republicans held their national convention, and recommended a repeal of the taxes upon tobacco and the tax upon spirits used in the arts and for mechanical purposes, and such revisions of the tariff as would tend to check imports of articles which are produced by the American people. If there should then remain a larger revenue than was requisite, the entire repeal of the internal-revenue taxes was favored. By these declarations the Republican party unreservedly committed itself to the maintenance of a high tariff; plain affirmations were substituted for the ambiguities in the platform of 1884. The Democratic convention did not try to clear away the mist which enveloped the party's previous policy; it indorsed the

Mills bill, but uttered the usual circumspect declarations concerning the regard for both capital and labor which should be observed in any tariff revision.

The campaign of 1888 was devoted to the tariff at the expense of all other issues. Societies were organized to promote tariff reform and to defend protection; tons of pamphlets were circulated; never before had there been such a "campaign of education." While stump-speakers went up and down the country explaining to farmers, artisans, and miners the significance of the schedules proposed by the Democrats, the finance committee of the Senate labored in the preparation of a bill which should crystallize in concrete form the newer Republican doctrine. It paid no attention to the House bill, and, in the effort to get a measure of its own before the country, it broke, in spirit at least, the constitutional limitations which prescribe that revenue bills shall originate in the House of Representatives. October 3 the Senate bill was reported[1] and Congress adjourned.

During the campaign the Democrats were at a disadvantage. It was impossible to remove the impression that the Democratic party was headed towards free trade. The *Evening Post*, friendly to Cleveland, declared that "the vote on the Mills bill in the House will serve as the historical record of the transformation of the Democratic party which

[1] *Senate Reports*, 50 Cong., 1 Sess., No. 2332.

President Cleveland has accomplished."[1] The Democratic party was forced to defend a thesis which it did not sincerely believe. Harrison, in his letter of acceptance, September 11, 1888, said that the contest was not between schedules, but between wide-apart principles.[2] Over-zealous Democrats, particularly in the southern wing, embarrassed the president by ill-concealed joy over the liberal doctrines enunciated by Cleveland. Again and again the president denied that his party was in favor of free trade, and labored to show that this was so far from the truth that there should be no chance for deception to succeed.[3]

On the Republican side the key-note was the need of protection for the laborers. Blaine, fresh from a long residence in Europe, compared the condition of the British workman with that of the American wage-earner. All the ills of the English farmer, his poverty and his limitations, were ascribed to the free-trade principles of that country. Other spokesmen glorified the "American" policy. Patriotism and independence were appealed to. "Let England take care of herself," said Major McKinley, a representative from Ohio; "let France look after her interests, let Germany take care of her own people, but in God's name let Americans look after

[1] *N. Y. Evening Post*, August 23, 1888.
[2] McPherson, *Handbook of Politics* (1890), 27.
[3] See letter of acceptance, September 8, 1888, in *ibid.*, 33.

America."[1] The assault upon the tariff, McKinley held to be "inspired by our foreign rivals."[2] Even the Northwest was persuaded to accept the high-protection position of its leaders, on the ground that the errors of the party on the tariff were inspired by the intensely patriotic spirit which pervaded it.[3] Such able Republicans as T. B. Reed, of Maine, also accused their opponents of insincerity; the bill they held to be the first step towards the destruction of the whole fiscal system; it was a plot, an unworthy ambuscade.[4] The Republicans won in the presidential and congressional elections of 1888, and interpreted the verdict as a victory for protection. After the election, the Senate, December 5, 1888, substituted its measure for the Mills bill, and later, on January 22, 1889, passed it by a vote of 32 to 30. All further action on the tariff was consequently defeated for that Congress.

Instead of reducing revenue, Congress added to the sources of supply by placing a tax on the manufacture of oleomargarine.[5] The object of the measure, however, was not fiscal, but sumptuary, in the interests of agriculture. The manufacture of imitation butter was increasing, and in some sections made an inroad upon the sale of genuine butter.

[1] McKinley, *Speeches and Addresses*, 257; see also later enunciation of this statement in his speech of August 22, 1891, *ibid.*, 547.

[2] *Ibid.*, 259.

[3] *St. Paul Pioneer Press*, July 6, 1888.

[4] *Cong. Record*, 50 Cong., 1 Sess., pt. v., 4446.

[5] *U. S. Statutes*, 49 Cong., 1 Sess., chap. dcccxl.

Most extravagant estimates were given as to the extent of this substitution, and some predicted that the dairy farmer would be driven out of business. As the bill originally appeared in the House, a tax of ten cents a pound was imposed on the manufacture of oleomargarine. In the progress of the bill through the two branches of Congress, the rate was first reduced to five cents, and then to two cents a pound. The measure was warmly supported by three classes of arguments: first, in the interest of public health, for this new product was represented to be dangerous to human life; secondly, in the interest of honesty, for oleomargarine ought to be sold under its real name; and, lastly, in the interest of the farmer, since no article should be sold which entered into competition with butter. Party lines were broken down, and the bill passed the House, June 3, 1886, by a vote of 177 to 101. The majority was composed of 107 Republicans and 70 Democrats; in the negative were 86 Republicans and 16 Democrats.[1]

The president was loath to sign the bill; there were questions as to its constitutionality, and it ran counter to his theory of non-interference with industry. In giving approval he took the unusual step of setting forth his doubts in a published memorandum.[2] In this document, however, he treated the question from the stand-point of revenue in-

[1] *Cong. Record*, 49 Cong., 1 Sess., pt. v., 5213.
[2] Richardson, *Messages and Papers*, VIII., 407.

stead of laying bare its real purpose, the benefit of a particular industrial class. It was with difficulty that the president could relieve himself of charges of insincerity and sacrifice of conviction in order to avoid the hostility of farmers.

CHAPTER V

SILVER AND EXPENDITURES
(1885–1889)

THE silver question, from 1879 to 1888, excited only a fitful interest. The Republican platform of 1884 ignored the subject, and the declarations of the Democrats had no particular significance. Sometimes an unusual incident attracted attention to the subject, but the infrequent discussion as to a suspension of purchases under the Bland act, or for providing a still freer coinage, excited little popular attention. This, however, was not the fault of the president, of whose position there was no doubt. Even before the inauguration[1] he urged the suspension of further purchase and coinage of silver, and later with persistent regularity repeated his warning of the crisis which was close at hand because of the increasing burdens placed upon the gold reserve. In 1887 he allowed a bill providing for the exchange of trade dollars into standard dollars, to be coined outside of the limits authorized by the act of 1878, to become law with-

[1] February 24, 1885, Cleveland, *Writings and Letters* (Parker ed.), 363; *Appleton's Annual Cyclop.*, X., 755.

out his signature.[1] A further fall in the value of silver during Cleveland's administration gave weight to his strictures against the existing policy. Between 1878 and 1884 there was little change in the value of silver, as measured in terms of gold—16 to 1—but in 1885 depreciation was marked by a ratio of 19 to 1, which by 1889 became 22 to 1. The warnings of the president had little effect beyond angering the silver wing of the Democratic party, which denounced the executive for continuing the cries of alarm uttered by his Republican predecessors.

The opponents of the Bland act were at a disadvantage; the earlier forebodings of disaster when the act went into operation had not been fulfilled; year by year the silver coinage increased in volume, and yet the country grew in prosperity and the gold balance was not unfavorably affected. In 1885 and 1886 an excess of gold exports amounted to forty million dollars; but in the succeeding two years the flow was in the other direction, bringing back a balance of fifty-nine million dollars. Financial authorities might complain of the cloud over the future, but in the same breath they admitted present good-fortune.[2] The *Financial Review*, a competent authority, declared that in 1885 there was no "friction or breakage in the financial machinery"; that "the year 1886 closed no less hope-

[1] *U. S. Statutes at Large*, XIV., 634.

[2] *N. Y. Tribune*, March 15, 1890; *Nation*, XLV., 389 (November 17, 1887).

fully than it opened"; that "1887 was a year of great industrial activity"; that in 1888 "the financial machinery of the country worked well" with "hardly a ripple of excitement" in the money market; and that 1889 "surpassed all its predecessors in the general volume of trade movements."[1]

The farming and plantation interests in the West and South did not join in this self-congratulation. Wheat declined from $1.45 per bushel, in 1882, to 86 cents in 1885, slowly rallied to $1.02 by 1889, and in 1890 sank to 87 cents. Corn fell from 72 cents to a general level of about 55 cents. This lower level of prices was attributed to an inadequate supply of money; the volume of government legal-tender notes had been fixed at a stationary point; since 1870 the world's gold production for each five-year period showed a shrinkage; and national-bank circulation was steadily contracting, one hundred and twenty-six million dollars being withdrawn between 1886 and 1890.[2] On the other hand, the area of industry and commerce was rapidly widening; the counters of exchange by which extending enterprise and trade were carried on were in greater demand; their value was enhanced, and lower commodity prices were the result.

A large element, possibly a majority, in both branches of Congress was in favor of silver, but the

[1] *Financial Review* (1886), 1; (1887), 5; (1888), 8; (1889), 1, 4; (1890), p. 1.

[2] Dewey, *Financial Hist. of U. S.*, 412.

conviction had not yet become so strong that it was willing to adopt free coinage. In the closing days of the forty-eighth Congress, February 26, 1885, the House refused by a vote of 152 to 118 to suspend the further purchase of silver.[1] Expediency counselled the Democrats, who were new to political responsibilities, not to go further in making radical changes which might possibly cause a temporary monetary disturbance, provoke a crisis, and frighten away the new recruits of the party. In 1886 a bill for free coinage was beaten in the House by a majority of 37. The Democrats were about evenly divided, 96 in favor and 70 against; of the Republicans, only 30 voted in the affirmative as compared with 93 in the negative.[2] It was believed, however, that a larger number of silver Republicans would have been shown but for a disposition to encourage Democratic broils.

Although Congress remained loyal to silver, the country did not welcome the use of silver dollars. In the East they were regarded as a nuisance, and were quickly sent back to the government's vaults. The mints, said Secretary Manning, were overloaded with unissued silver dollars, and the subtreasury with returned silver dollars.[3] Provision was therefore made, in 1886, for the issue of silver certificates in denominations of one, two, and five

[1] *Cong. Record*, 48 Cong., 2 Sess., pt. iii., 2210.
[2] *Ibid.*, 49 Cong., 1 Sess., pt. iv., 3300.
[3] Sec. of Treasury, *Finance Report* (1885), xv.

dollars.[1] The suppression of the treasury notes of the smaller denominations about the same time made room for a larger use of silver or its certificate representatives. A still more important factor in increasing the circulation of silver was the decline in the volume of national bank-notes, because of the scarcity of bonds available as a pledge for circulation.[2]

The bountiful revenue which the government enjoyed inevitably led to prodigal schemes of expenditure. As the president complained, it "attracts the gaze of States and individuals with a kind of fascination."[3] The Republicans, as a whole, were in favor of liberal appropriations, because they staved off the day of tax reduction and were consistent with the general economic policy of national development. A fortunate opportunity, it was said, was afforded for establishing a system of coast defences, for building up a navy, for constructing new routes of communication across the continent, and for nourishing a merchant marine by subsidies. Millions could be expended for education; "in short," said Senator Dolph, "if we were to take our eyes off the increasing surplus in the treasury and stop bemoaning the prosperity of the country, and trying to make the people dissatisfied with an alleged burden of taxation which they do not feel, and to

[1] *U. S. Statutes at Large*, XXIV., 227.
[2] Noyes, *Thirty Years of Am. Finance*, 110.
[3] Richardson, *Messages and Papers*, VIII., 840.

devote our energies to the development of the great resources which the Almighty has placed in our hands, to increasing the products of our manufactures, of our shops, of our farms, of our mines, and of our forests; to cheapening transportation by the improvement of our rivers and harbors, and to restoring our foreign commerce, we would act wiser than we do." [1] Even Democrats, who had so persistently dwelt upon the virtue of economy, could not withstand the temptation to spend money when occasion offered. River and harbor bills of generous proportions were framed.

Most striking of all projects was the measure for refunding the direct tax which had been levied in 1861, and under the Constitution apportioned to the several states according to their population. Naturally, but little of this was collected from the states then in rebellion. Under a bill discussed by Congress in 1888, the richer states of the North would practically receive back all of the seventeen million dollars which had been paid into the treasury. The South, on the other hand, would have to its credit only the empty enjoyment of the remission from a tax which no one now dared to suggest was ever to be made good.[2] Southern representatives, with some reinforcement from the North, condemned the measure. In this situation they did not hesitate to re-

[1] *Cong. Record*, 50 Cong., 1 Sess., pt. i., 134 (December 21, 1887).

[2] Dunbar, in *Quart. Jour. Econ.*, III., 457 (July, 1889).

vive the practice of filibustering: dilatory motions prevented the transaction of business, and, on account of the deadlock, the legislative day of April 4, 1888, stretched over one hundred and ninety-two hours.[1] New life was given to the charge that "the South is in the saddle." An agreement was finally made to take a vote in the following December. The bill then passed, but was vetoed by Cleveland as unconstitutional, and as a "sheer, bald gratuity."[2]

Expenditures for pensions steadily increased. In 1885 they were fifty-six million dollars; in 1888, eighty million dollars. Both parties, as a rule, favored a liberal policy. In the desire to be generous, however, abuses were tolerated in the administration of the general law by the pension bureau, and special bills for the relief and aid of unworthy applicants received a friendly hearing in Congress. President Cleveland endeavored to minimize the evil, and exhibited great firmness in vetoing many private pension bills. By some this was called obstinacy; by others hostility to the old soldiers and defenders of the nation; by others a seeking of the favor of the southern Democracy. In the previous administration the pension office had been under Dudley, a notorious politician from Indiana, who admitted to pensions many questionable claims. He was succeeded, under Cleveland, by General J. C.

[1] *Cong. Record*, 50 Cong., 1 Sess., pt. iii., 2727, 2916.

[2] Richardson, *Messages and Papers*, VIII., 840; Mason, *Veto Power*, 73, 207.

Black, a former Union officer. More careful scrutiny was given to applications, resulting in an increased number of rejections.

Many of these claims were then taken into Congress, where methods of investigation and procedure were crude and unbusiness-like. The validity of an application was passed upon by a single member of the pension committee in the House; if then approved by the committee, it was reported and disposed of at a special sitting where only a small minority of the members were present. Hundreds of these bills were passed in an evening. This careless procedure led to a vigorous protest by the president. In one lot of 232 bills he showed that in 81 cases the applicants had failed to present sufficient proof of injuries alleged; in 26 the pension bureau had refused to grant pensions because the evidence tended to show that the alleged disability had existed before the claimant's enlistment; in 21 the evidence indicated that the disability had not been incurred in the line of duty; in 33 it appeared that the disability had originated after discharge of the claimants.[1]

The larger number of these measures the president allowed to become operative without his approval, but many of them, when there was time for investigation, he vetoed. In his judgment the pension list should remain unsullied as a roll of

[1] Richardson, *Messages and Papers*, VIII., 416; Mason, *Veto Power*, 165.

honor.[1] In each veto the merits of the application were briefly but frankly discussed. In some cases sympathy was expressed, but that did not justify the government in dispensing charity; pensions, and not gratuities, were the proper scope of legislation. In many instances the fraudulent character of the claimant was mercilessly set forth. One applicant, who was enlisted March 25, 1865, within nine days was admitted into the hospital with measles, and mustered out on May 11. "Fifteen years after this valiant service and this terrific encounter with the measles," he makes application.[2] An applicant who was represented to the committee on pensions as having exhibited "long and faithful service and of good character" was shown to have spent most of his time of enlistment in desertion or in imprisonment. In one case a pension was sought by the widow of a former soldier who was accidentally shot and killed by a neighbor while attempting to shoot an owl.[3] Again and again the president confessed the fear that, in view of the many worthless claims which were made, popular prejudice would be created against those who were worthy and entitled to the bounty of the government. In all, President Cleveland vetoed two hundred and thirty-three pensions bills.[4]

These vetoes were received with mingled condemnation and approval. The president was ac-

[1] Richardson, *Messages and Papers*, VIII., 684.
[2] *Ibid.*, 443. [3] *Ibid.*, 653. [4] Mason, *Veto Power*, 90.

cused of being coarse and unfeeling; the New York Republicans animadverted on "the flippant, sneering language of President Cleveland's vetoes of pension bills" as "insulting to the veterans and degrading to the executive." [1] It was urged that he was spending his time in too petty details, that he should err on the side of generosity, and that it was wrong to accuse the advocates of pensions as greedy claim-agents or self-seekers. It was also declared necessary to increase the number of private bills because of the technical and irritating construction of the pension law under a Democratic administration. In opposition it was demanded that the president veto all private pension bills without exception, and allow claims to be settled under general statutes; and the Democratic House of Representatives was called upon to stop the wholesale pillage of the treasury. Many soldiers sympathized with the president in his effort to separate the common fraud and bummer from the genuine veteran, and agreed that the flood of private pension bills was demoralizing. Honorable soldiers needed protection from the pension attorney, whose activity in prosecuting claims had become a national scandal. That Cleveland was not unfriendly to the soldier could be shown by the fact that he approved more special pension bills than any of his predecessors.[2]

[1] New York Republican platform, September 14, 1887, in *Tribune Almanac* (1888), 24.

[2] *Nation*, XLIII., 48 (July 15, 1886).

In January, 1887, Congress passed a "dependent pension bill" providing a pension of twelve dollars a month for all past soldiers of three months' service who were then unable to earn their support and who were dependent upon their daily toil for a living. For the first time the soldiers of the Civil War were to be pensioned without regard to injury. The measure was openly advocated as a relief of pauperism; soldiers who honestly served their country should be taken out of the poor-house. The bill was easily passed through the House by 180 to 76,[1] and through the Senate without a division, no Republicans voting against the measure; but it aroused a storm of criticism. President Cleveland vetoed the bill,[2] and seized the opportunity to expound his doctrine in regard to pensions, disassociated from the discussion of individual cases, which had necessarily found so large a place in the vetoes of private bills. The measure was held to be defective in precision of statement; there was no accurate knowledge of the number of persons who would be benefited by the act; the cost might be many times greater than that estimated by the committee on pensions; and the soldiers of the Civil War had already been better provided for than any other soldiers "since mankind first went to war." It put a "premium

[1] *Cong. Record*, 49 Cong., 2 Sess., pt. i., 742; vote classified by party, in McPherson, *Handbook of Politics* (1888), 18.

[2] Richardson, *Messages and Papers*, VIII., 549; Mason, *Veto Power*, 89.

on dishonesty and mendacity"; in the securing of pensions there was already a wide-spread disregard of truth and good faith; pensioners earning less than twelve dollars a month would be tempted to stop work in order to claim the larger allowance; and not enough time had elapsed since the Civil War to justify the grant of pensions without regard to injuries or even the requirement of an actual engagement on the field of battle. On the motion to pass the bill over the president's veto, the vote was 175 to 125, or less than the necessary two-thirds in favor.[1]

In some sections indignation towards the president was carried to an extreme point, notably when he accepted an invitation to attend the encampment of the Grand Army at St. Louis in September, 1887. The commander of the Iowa department, Tuttle, took the lead in working up a hostile sentiment which indicated that the president would be an unwelcome guest, and might possibly be openly insulted. Mr. Cleveland finally decided to recall his acceptance; he could not subject the dignity of the people's highest office to insult, and it was better that the denunciation both of himself and his official acts should be unrestrained by his presence.[2] The noisy clamor of Tuttle and his

[1] *Cong. Record*, 49 Cong., 2 Sess., pt. iii., 2226.

[2] President Cleveland to Mayor David R. Francis, of St. Louis, July 4, 1887, in Cleveland, *Writings and Speeches* (Parker ed.), 398.

following, however, did not represent the sentiment of the order as a whole, for the indorsement of a general system of pensions based on service was voted down at the encampment by a vote of 318 to 173, and the gathering refused to censure the president for his veto.[1]

No measure of a humanitarian character received such wide-spread discussion during the decade beginning with 1880 as the proposition to grant Federal aid for common-school education throughout the country. The real object of the project, however, was to aid the South, on the ground that the education of the colored children was a national obligation which ought not in equity to be left to the South to carry unaided. Apart from considerations of justice, the South was financially unable to undertake so great a work, which had been thrust upon her and was not of her seeking; an illiterate suffrage was a political peril to the whole country. Friends of education and politicians dwelt upon the poverty and exhaustion of the old slave states, and many were not averse that the North, which received millions in the form of pensions, should be generous to the South, which cheerfully paid taxes, however small, to help meet these pensions. Innumerable statistics were advanced giving evidence as to the short school-terms, the number of unenrolled school-children, and the small appropriations made for educational purposes in the southern states. Many

[1] *N. Y. Tribune*, October 1, 1887.

in the North were won to the support of the proposition by sympathy for the stricken section and a hope that the negro problem might be solved by education. Under the Blair educational bill of 1886 it was proposed to distribute seventy-seven million dollars to be divided among the states on the basis of illiteracy;[1] as a Federal measure, however, it was necessary to make the application of aid common to all the states.

At first there appeared to be little opposition to a measure so gracious in its intent. Though the bill was liberal in its bounty, the treasury, with an overflowing surplus, could easily supply the funds. Before long, however, critics laid bare the real significance of the measure: local efforts for self-support would be checked, and an unfortunate precedent would be created in the future for voting Federal largesses; it was further thought absurd to distribute grants upon the basis of illiteracy without regard to age. "The plaster should be put upon the sore instead of over the entire body."[2] Testimony came from the South that since the discussion of the bill there was greater difficulty in securing appropriations for educational purposes, and there was a growing inclination to depend upon government aid. The more vehement censors dubbed the measure "A Bill to Promote Mendicancy." Al-

[1] McPherson, *Handbook of Politics* (1888), 122.

[2] Senator Spooner, in *Cong. Record*, 51 Cong., 1 Sess., pt. ii., 1874.

though the bill passed the Senate three times, in 1884, 1886, and 1888, many who earlier supported the measure were turned into opponents; in 1888 even a majority of the southern senators voted against it. The South, moreover, was growing in prosperity and was able to care for her own, and there was an increasing conviction that the bill would be declared unconstitutional by the Supreme Court. When, therefore, Senator Blair for a fourth time introduced the bill in 1890 into the Senate, he failed to gain even the indorsement of that body.

CHAPTER VI

NATIONAL SUPERVISION OF RAILROADS

(1886–1896)

THE railway question continued to assume larger and larger proportions, and grew beyond the reach of state legislation. The force of the state Granger laws was gradually broken down by the courts, until, in 1886, the Wabash decision,[1] by laying down the principle that no state could adopt regulations affecting the movements of commerce among the different states, sapped from this body of restrictive law most of its vitality. The grievances of the public, particularly in the West, did not disappear; many clung to the idea, in spite of court decisions, that some government had the right to regulate railway charges; and urged that, if the individual states did not have this power, the Federal government should undertake it.

The complaints against the railroads covered a wide range: there was a growing hostility to organized capital; the power of railroads was feared when the actual earnings of single railroad companies were greater than the revenue of states, and

[1] Wabash, etc., Railway Co. *vs.* Illinois, 118 U. S., 557.

the salaries of the officials many times as large as those of governors and judges; the beneficial influences of competition were set at naught by arrangements between railroads for maintaining rates. For this purpose "pools" were established to divide the traffic or to divide the earnings on a basis of agreed-upon percentages, and thus placate the dissatisfaction of roads which were disposed to cut rates.[1] Great transportation systems like the Northern Pacific, the Union Pacific, the Atchison, Topeka & Santa Fé, and the Texas Pacific Railroad entered into such combinations; in the South a considerable part of the cotton crop was shipped under pooling agreements; and north of the cotton belt and east of the Mississippi there were two great pools which controlled traffic. Such agreements, it was said, increased the cost of transportation and so far forth took money out of the hands of the farmer who raised products for the market.

To the wheat or the corn grower, the railroad (or its agent, the elevator company) appeared to be the chief factor in fixing prices; the larger price-making forces of demand and supply were beyond his ken. Nor could the western farmer be convinced that the railroads were engaged in an unprofitable business even if the rates of dividends were low. In many parts of the country, small towns voted generous subscriptions for the construction of railroads, and then found the securities rendered worthless by a

[1] Hadley, *Railroad Transportation*, 74, 91.

blanket of preferred mortgage bonds issued to complete or equip the road. It was believed that the money thus subscribed was frequently turned over to construction companies in league with railroad promoters; by some trick of finance, though the roads were poor, the builders were rich; and people demanded whether railroad tariffs ought to be framed for the purpose of paying interest on watered stock.[1]

The chief evil was discrimination—not so much the tariff rates as the secret deviations from the tariffs furnished ground for complaint. Private and special bargains were made between favored shippers and railroad companies. The Standard Oil Company did not hesitate to order the Louisville & Nashville Railroad to "turn another screw" on a competitor.[2] The pass system was a flagrant abuse: editors, legislators, shippers, and even their relatives and friends, rode "deadhead, and expected to have their hats chalked." Besides personal favoritism, there was local discrimination. In the strife to secure through business, railway efficiency on long hauls was greatly improved, and rates on bulky products for long-distance traffic were reduced. The average annual freight rate charged for the transportation of wheat from Chicago to New York by all-rail route was lowered from 42.6 cents per bushel, in 1868, to 14.31 cents in 1890.[3] Local rates, how-

[1] Dodge, in *Century Magazine*, XLIII., 452.
[2] *House Reports*, 50 Cong., 1 Sess., No. 3112, p. 524.
[3] *Statistical Abstract of the U. S.* (1893), 281.

ever, were not cut in corresponding degree. Gross discriminations resulted. The farmers and manufacturers who did not live at competing terminal points maintained that they had to make good the losses which railroads claimed they were forced to suffer on through business because of excessive competition. There ought, it was said, to be like opportunity for all, and the smallest hamlet should be put on an equality with the largest city. Champions of the railroads, however, declared that these complaints were exaggerated, and held that the low rates on grain and other products which entered the eastern markets reduced the cost of living, and as such were an economic advantage. If there were evils, the railroad managers were sure they could best be cured by competition, inasmuch as under the operation of natural laws there had been a steady diminution of rates, and the United States already enjoyed the cheapest freight railway transportation in the world. Anything which would lessen the forces of competition was considered detrimental, and discrimination, so far as it was a real evil, was illegal under the common law and could be adequately checked by the courts without special legislation.

The real difficulty lay further back than discrimination or pooling agreements; it was to be found in the methods of railway construction and in the low standards of business morality. After the Civil War an enormous amount of energy and capital

were devoted to the railway industry. Between 1865 and 1884 railway mileage increased from thirty-four thousand to over one hundred and twenty-one thousand miles. Between 1879 and 1884, a period of but five years, the mileage increased by nearly one-half, or four times as fast as increase in population.[1] Construction, however, was not distributed evenly over these years; two great periods of extension culminated in 1871 and 1882. Roads were built in advance of local needs and before there was an adequate amount of traffic to make them profitable.[2] Frequently they were constructed, not to get the prospective traffic which future settlement would afford, but simply for strategic purposes to harass a rival by a guerilla warfare.

The financial error penetrated still deeper: an undue amount of capital was diverted into railway securities; many companies were organized on a grossly inflated basis; capitalization, either through stock or bonds, was often many times the actual money invested. The eastern promoter and builder looked to the speculative investor rather than to the shipper for his immediate profit. The Stock Exchange gave larger opportunities for making money than did railway management. The corporation laws of the states placed almost no restriction upon untimely construction or reckless financiering. Stock-

[1] Swain, "Economic Aspects of Railroad Receiverships," in *Economic Studies*, III., 83.

[2] *Senate Reports*, 49 Cong., 1 Sess., No. 46, pt. i., 48.

holders exercised little if any control over boards of directors. In the older state of New York an unnecessary road, the West Shore, was built in 1882 for the express purpose of "holding up" the New York Central. Roads organized on the weakest basis sought to get traffic at any price. Subordinate local agents in their efforts to secure business entered into engagements which were unchecked by the general management. The situation was chaotic. Pooling agreements to maintain rates or divide traffic were broken, and many railway officers admitted that the transportation business had developed so rapidly that the administration of its affairs was beyond their capacity to manage; and some of them, indeed, welcomed government regulation in the belief that all other resources had been exhausted.[1]

Attempts to secure action by Congress took the form of two bills, one of which, supported by the more conservative opinion of the Senate, provided for the establishment of a commission to collect information, hear complaints, and, somewhat after the character of the Massachusetts Railway Commission, exercise a general advisory power. An older and more radical bill, introduced by Reagan, of Texas, as far back as 1878, was favored in the House; it laid down certain fixed rules for the regulation of railway charges; declared what common carriers could and could not do; and made them liable for suits for damages brought by persons

[1] *Senate Reports*, 49 Cong., 1 Sess., No. 46, pt. ii., 161, 165.

injured through their acts or omissions.[1] It was objected that a commission would be powerless to correct the evils in existence, for railway corporations would influence the appointments of commissions, just as they had suborned state legislatures, corrupted courts of justice, and improperly influenced governors of states.[2] There was also difference of opinion on the part of advocates of regulation as to whether pools should be permitted. Some disfavored them, not on any logical ground, but "the mere fact that railroads wanted pools was sufficient reason for prohibiting them."[3] Others feared that if discriminations in rates were forbidden there would be an agreement to level rates up, and that the total burden of railway charges would be higher instead of lower. Others, however, with a clearer understanding of the merciless competition to which railroads were subjected, believed that it was wiser to intrust to the railroads the power to prevent favoritism through mutual agreements; and that the railroads, moved by self-interest, would render powerful aid to the government in bringing violators of the law to justice.

During several sessions of Congress no compromise could be secured by the supporters of the rival Reagan and Senate measures. In 1885 the House passed

[1] For bills, see McPherson, *Handbook of Politics* (1886), 10, 136.

[2] Representative Reagan, in *Cong. Record*, 48 Cong., 2 Sess., pt. i., 31 (December 2, 1884).

[3] Hadley, in *Quart. Jour. Econ.* IV., 163 (January, 1890).

one bill and the Senate another. Angered by delays, the West and South demanded that the two chambers harmonize their differences and legislate. The Wabash decision[1] in 1886 strengthened this demand for action, and tended to lessen opposition in the East to regulation. Congress responded to the pressure. An investigation of railway evils made by the Senate committee, under the chairmanship of Senator Cullom, showed that "the paramount evil" was unjust discrimination between persons, places, and commodities rather than exorbitant rates.[2] The words of this report were a fair description of current tendencies in the management of corporate finance: the effect of discrimination, Cullom said, "has been to build up the strong at the expense of the weak, to give the large dealer an advantage over the smaller trader, to make capital count for more than individual credit and enterprise, to concentrate business at great commercial centres, to necessitate combinations and aggregations of capital, to foster monopoly." [3] The published rates were made for the "unsophisticated," while the more advantageous rates were obtained by "favoritism or by persistent bulldozing." [4]

February 4, 1887, an interstate commerce law was enacted by a vote in the Senate of 43 to 15; in the House, of 219 to 41. This act, in brief, provided

[1] Described above, p. 91.
[2] *Senate Reports*, 49 Cong., 1 Sess., No. 46.
[3] *Ibid.*, p. 7. [4] *Ibid.*, p. 189.

against discriminations, prohibited the pooling of traffic, made it illegal to charge more for a short haul than for a long haul over the same line, and required the railroads to file their tariffs, which were to be open to the public. It provided for a commission of five members, none of whom could be taken from the ranks of railroad men, or could own any railway securities. In general, the commission was given power of investigation; carriers must produce their books and testify. If the commission discerned a violation of the law, it could order the violator to desist from his illegal acts and fine him five thousand dollars; the victim of discrimination could also collect damages. The orders of the commission, however, did not have the binding force of a decree by a court, nor did its powers cover traffic wholly within one state. If the carrier disobeyed the order, it could be coerced only by equity proceedings in the Federal courts, after an appeal for an enforcement of the order. The commission was also given power to provide a uniform system of railway accounting, and to obtain from each road an annual report of its operations and finances.[1]

The appointments to the commission were of a high order, and free from political influence. Judge Thomas M. Cooley, of Michigan, a noted lawyer, with experience as receiver for a large railroad system, was made chairman. Some criticism was of-

[1] Johnson, *Am. Railway Transportation*, 373.

fered that no representative west of the Mississippi was appointed, but the very fact that the president did not consciously seek to represent all parts of the country, and thus sacrifice ability to sectional claims, won for his appointees at the outset a large degree of public confidence. An enormous amount of work was imposed upon the commission; it was to collect statistics, hear complaints, and carry on prosecutions in the Federal courts. The interstate commerce law was full of ambiguities and required a large degree of discretion in its execution. As competition was to be preserved, and no pooling agreements could be made to lessen strife, the commission was assured at the outset that its task of adjudicating infractions of the law caused by overzealous rivalry was likely to be onerous.

Especially difficult, both of interpretation and application, was the long-and-short-haul clause, the insertion of which had been forced by the more radical adherents of the Reagan bill, who wished in some way to control rates. By this clause it was made unlawful for the railroads "to charge or receive any greater compensation in the aggregate for the transportation of passengers, or of like kind of property, under substantially similar circumstances and conditions, for a shorter than for a longer distance over the same line, in the same direction, the shorter being included within the longer distance." It was provided, however, that upon application to the commission a railroad might, in special cases,

after investigation, be authorized to charge less for longer than for shorter distances; and it was left to the commission to prescribe the extent to which such exception from the general rule might be allowed. To determine when circumstances and conditions were similar or dissimilar was by no means an easy task; the law itself gave no clew to the intended interpretation of this clause.

On the other hand, the strict application of the long-and-short-haul principle might prove destructive to industries, particularly in the far West, whose supplies have to cross the continent to find a market. Trade associations on the Pacific coast quickly asked for exemption of that district from the long-and-short-haul-clause, on the ground that California wool, dried fruit, and sugar would no longer be able to compete with the East. Other appeals were made, and at first it was feared that established routes of commerce would be seriously disorganized. The commission very quickly decided that certain kinds of competition might affect the "circumstances and conditions" to be taken into account in determining whether a railroad may carry at lower rates for a long haul than for a short haul, as, for example, when competition is with water carriers, or with foreign or other railroads not subject to the provisions of the statute, or in rare instances when a strict application of the statute would be destructive.[1]

[1] Louisville & Nashville Railroad case, in 1 Interstate Com-

During the first years of its existence the work of the commission was on the whole conservative, and disarmed criticism even from those who were previously opposed to the law. At the end of the first year of its workings it was admitted that the act so far cured more evils than it created;[1] that instead of operating unfavorably on railroad interests its effect had been rather the opposite.[2] The early hopes of the radicals and conservatives were alike disappointed,[3] for the old evils cropped out; rebates and special concessions were made in secret, and disguised by deceitful methods of accounting; "gentlemen's agreements" and traffic associations took the place of pools; the powers of the commission were in dispute, and often rendered worthless by the decisions of the courts; the railroads would not remain at peace with one another. Many, forgetting the cutthroat competition which existed before 1887, believed that the prohibition against agreements and division of business by pooling was responsible for the constant warfare; and that instead of curing, the anti-pooling clause accentuated some of the evils by placing railroad lines at the mercy of the most reckless companies.[4]

In 1888 the bitterness, strife, rivalry, and com-

merce Commission, 31; see also Meyer, *Railway Legislation in the U. S.*, 199.

[1] *Nation*, XLV., 454 (December 8, 1887).

[2] *Financial Review* (1888), 49.

[3] *Bradstreet's*, XVI., 736, 750, 751 (November 17, 1888).

[4] *Nation*, XLVII., 513 (December 27, 1888).

petition of lines in the West knew no bounds.[1] By 1890 the practice of cut rates to favored shippers and cities was all but universal at the West; passes were generally issued;[2] rebates were charged up to maintenance of way account; special privileges of yardage, loading, and cartage were granted;[3] freight was underbilled or carried under a wrong classification, and secret notification of an intended reduction of rates was made to favored shippers; some shippers suffered exasperating and expensive delays in getting cars. The ingenuity of officials in breaking the spirit of the law knew no limit, and is a discouraging commentary on the dishonesty which had penetrated into the heart of business enterprise.[4]

Although there was a general knowledge of these illegal practices, it was difficult to secure evidence which would convict. The results of the law were inconsequential,[5] and an increase in the penalties against discrimination by adding imprisonment to fine did not restrain offenders.[6] Many of the railroads in their own interest were anxious to stop the evils, for investors demanded a reform which would

[1] *Financial Review* (1889), 52.

[2] Interstate Commerce Commission, *Annual Report* (1889), 10; *Nation*, LI., 455 (December 11, 1890).

[3] Interstate Commerce Commission, *Annual Report* (1889), 15.

[4] C. F. Adams, *Interstate Commerce Act* (address delivered in Boston, December 15, 1888).

[5] *Senate Docs.*, 54 Cong., 2 Sess., No. 30.

[6] Amendment to Interstate Commerce Act, March 2, 1889, *U. S. Statutes*, 50 Cong., 2 Sess., chap. cccLxxxii.

produce dividends; personal agreements were made by railroad presidents to secure harmony and uniformity of rates. In January, 1889, an interstate railway association was organized under the leadership of the banker, Mr. J. Pierpont Morgan, for the purpose of preventing rate-cutting on western and southwestern railroads. Although only a voluntary agreement which did not possess powers of compulsion, the organization was regarded as a rational step at self-help.[1] Most of these efforts, however, proved futile: "understandings" were swept aside, and rate wars followed in rapid succession.

The action of the commission grew in positiveness, and more and more assumed a judicial character. It not only endeavored to rectify existing discriminations, but also in some cases to fix actual rates to be charged.[2] Hence the commission was accused as early as 1889 of perverting the original intent of adjustment to regulation, of expanding supervision into interpretation.[3] The possible influence of a Federal board in exercising advisory powers had been over-estimated; a national commission was too remote to act as a mutual counsellor in lessening the strained relations between shippers and railroads. Moreover, the commission was overburdened with administrative work; during the first

[1] *Nation*, XLVIII., 45 (January 17, 1889).

[2] 5 Interstate Commerce Commission, 97; Meyer, *Railway Legislation in the U. S.*, 205, 230.

[3] *Nation*, XLVIII., 44 (January 17, 1889).

two years two hundred and seventy thousand railway tariffs were filed, and they were then coming into the office at the rate of five hundred a day.[1]

The commission was in a difficult position; on the one hand there was clamor that it was not doing enough; that it had been given powers of action as well as of advice; and that by the exercise of these powers it ought to control the railway situation. The commission did not, however, possess independent powers to enforce its decrees, but was obliged to call upon the courts to set the machinery in motion. Hence the results of the operation of the system were unexpected; the law apparently stated that the commission's findings of fact must be accepted by the court as "prima facie evidence as to each and every fact found." Notwithstanding this apparently plain declaration, the United States courts [2] would not issue decrees without permitting a retrial of the merits of the case. In vain the commission argued that controversies about railroad rates were questions of fact and not of law, for specialists to determine rather than for courts; that the latter were simply to decide whether the forms of law had been observed.[3] The courts held otherwise, and as opinion after opinion of the commis-

[1] Interstate Commerce Commission, *Annual Report* (1888), 16.

[2] Ky. & Ind. Bridge Co. *vs.* Louisville & Nashville R. R. Co., January 7, 1889, in 37 Fed. Rep., 567.

[3] Interstate Commerce Commission, *Annual Report* (1890), 12.

sion was reversed by the courts, the interstate commerce act lost a large part of its effectiveness.[1]

Subject matters were also brought before the commission which involved the interpretation of legal principles, questions which could be properly reviewed by the courts; if the court gave a different interpretation, the judgment of the commission was brought into disrepute and its general influence weakened. The courts admitted new kinds of competition for the making of "dissimilar circumstances" which would warrant the setting aside of the long-and-short-haul clause. In 1889 the commission ordered that rates on imported traffic should be the same as on other goods, thus denying to the interior trunk lines discrimination in favor of foreign freight.[2] The Supreme Court upset this regulation by declaring that foreign competition created a dissimilar circumstance, and should be taken into account.[3] The Supreme Court also admitted railway competition in which water routes played no part as a factor producing dissimilar circumstances and conditions.[4] Wide opportunity was thus opened for the making of discriminatory rates, the evil of which the law was especially designed to check. The Supreme Court blocked the efforts of the com-

[1] Johnson, *Am. Railway Transportation*, 380.

[2] 4 Interstate Commerce Commission, 447.

[3] Texas & Pacific Railway Co. *vs.* Interstate Commerce Commission, 162 U. S., 197.

[4] Interstate Commerce Commission *vs.* Alabama Midland Railway Co., 168 U. S., 144.

mission to fix rates, and judicially advised it to confine its activities to inquiries, the prevention of discriminations, and violations of the long-and-short-haul clause.[1] Such decisions, Mr. Justice Harlan declared in a dissenting opinion, went far to make the commission "a useless body for all practical purposes."[2]

The perplexities of the commission were not lessened when it was intimated in an *obiter dictum* of Justice Brewer, in 1892, that the word "line" had a meaning other than commonly ascribed to it. The commission had argued that a line meant a physical line, running in the same general direction and making a through route, regardless of the ownership of the roads forming the route, but the court suggested that any one railroad constituted a line; that any number of them formed into through routes made another line; and that the charges of the through line need bear no relation to the rates on the local line.[3] Moreover, the commission never had power to make a joint rate.[4] Its efficiency was also diminished by the lack of power to compel witnesses to give evidence without which it was helpless; for under the interstate commerce law the shipper and railroad officials were alike *particeps*

[1] Cincinnati, New Orleans & Texas Pacific Railway Co. *vs.* Interstate Commerce Commission, 162 U. S., 184; 167 U. S., 479.

[2] Interstate Commerce Commission *vs.* Alabama Midland Railway Co., 168 U. S., 176.

[3] 52 Fed., 912; 3 C. C. A., 347; also *Nation*, LV., 331 (November 3, 1892).

[4] Dixon, in *Quart. Jour. Econ.*, XXI., 38.

criminis in case rebates were granted.[1] Although the law was amended in 1893[2] so as to give witnesses immunity guaranteed under the Fifth Amendment of the Constitution, the commission for some years did not, because of judicial delays, enjoy the advantage of full powers of compulsory investigation.[3]

Persistent and ingenious efforts were made to circumvent the anti-pooling clause of the law. Some of the pools dissolved, but others reappeared under new names with methods slightly changed.[4] Instead of equalizing the excess and deficit of tonnage as apportioned among the members of a railway association, an organization would substitute fines for violations of informal agreements. Not until 1897 was it possible to secure a decision from the Supreme Court that such an agreement was illegal; and then the decision was based on the provisions of the anti-trust law of 1890, instead of the interstate commerce act.[5]

When agreements could not be maintained, the underlying defects of excessive construction and bad corporate financiering were quickly revealed. Large railway systems reduced their dividends, and some, as the Atchison, the St. Paul, and the Union

[1] 142 U. S., 547.
[2] *U. S. Statutes at Large*, XXVIII., 643.
[3] Brown *vs.* Walker, 161 U. S., 591.
[4] *Financial Review* (1897), 62.
[5] U. S. *vs.* Trans-Missouri Freight Association, 166 U. S., 290; Meyer, *Railway Legislation in the U. S.*, 240.

Pacific, went on the non-dividend list.[1] The general panic of 1893 proved disastrous, and threw the weaker and mismanaged roads into bankruptcy: the Reading, Erie, and Northern Pacific railroads defaulted. Of the eighty roads whose shares were listed upon the New York Stock Exchange in 1893, only twenty had had their stock within a period of two years quoted above par. Between 1876 and 1894, five hundred and ninety-three roads with a mileage of sixty-three thousand were sold under foreclosure. This plight of the railroads awakened some concern, and in 1895 the House of Representatives passed a bill to repeal the anti-pooling clause;[2] but the Senate, at this time more radical than the House, failed to take action.

Railway managers, by making combinations, also sought to escape from the restriction of legislation directed against agreements. Combinations of railroads had taken place from an early day, but in their earlier form went no further than the union of short and local roads to make a through line. The New York Central system had been thus built up piece by piece. When pooling was forbidden and traffic associations were found to be ineffective in practice and illegal under the law, competing systems were consolidated.[3] In 1890 the Atchison, Topeka &

[1] *Financial Chronicle*, LII., 296.

[2] *Cong. Record*, 53 Cong., 3 Sess., pt. i., 231.

[3] C. P. Huntington, in *North Am. Rev.*, CLIII., 273 (September, 1891).

Santa Fé added the parallel St. Louis & San Francisco road, with eighteen hundred and fifty miles of line, making a total of nearly nine thousand miles; by 1895 one-half of the total mileage of all the roads was operated by about forty companies,[1] and during the next ten years this movement towards consolidation went on with great rapidity.

The practical results of the working of the interstate commerce law were disappointing. Although railroad managers asserted that the misfortunes which overtook their business were caused by vicious legislation, their affairs had been so badly handled that it was difficult to separate political and economic effects, or to assign a proper weight to the respective influences of management and statute law. The severest critic of the law was the commission to which was intrusted its enforcement, and this, in 1898, declared that the situation had become intolerable both from the stand-point of the public and the commission: tariffs were disregarded; discriminations constantly occurred; enormous sums were spent in purchasing business; and secret rates were accorded below the standard of published charges.[2] The president of an important railroad in 1897 mourned that good faith had departed from the railway world; men managing large corporations, who would trust their opponent with untold thousands, will hardly trust his agreement for the main-

[1] Interstate Commerce Commission, *Annual Report* (1896), 95.
[2] *Ibid.*, 18.

tenance of tariffs while they are in the room together.[1] Yet, though the evils complained of were not removed, the operation of the law paved the way to a better knowledge of the railroad situation; the principle of publicity was kept alive; general knowledge of railroad affairs was increased; the number of freight classifications of the country was reduced, and a better adjustment of railway charges was brought about.[2]

[1] National Convention of Railroad Commissioners, *Proceedings* (1898), 14.

[2] Johnson, *Am. Railway Transportation*, 382; H. C. Adams, in *Atlantic Monthly*, LXXXI., 437.

CHAPTER VII

FISHERIES AND ISTHMIAN CANAL
(1885–1889)

THE most serious question affecting the relations of the United States with other nations at the beginning of Cleveland's administration was the dispute with Great Britain over the harsh treatment of New England fishermen in Canadian waters. Here again the exigencies of party politics were held superior to a dignified and stable international intercourse with a friendly power. More than once Congress appeared to be willing to force the government into hostile relations with Great Britain in order to discredit the administration. In July, 1885, the Washington treaty of 1871 expired, under which American fishermen had certain privileges in the purchase of supplies in Canadian ports, while Canadian fresh fish was admitted into the United States free of duty. Upon the expiration of these reciprocal privileges the rights of the fishermen were thrown back upon the treaty of 1818,[1] always exasperating to the fishing interest, and now, after a quarter of a

[1] *Treaties and Conventions of the U. S.*, 415; cf. Babcock, *Am. Nationality* (*Am. Nation*, XIII.), chap. xvi.

century's growth in more liberal international intercourse, intolerable in its consequences. Under the earlier treaty, the rights of Americans were carefully prescribed: they could fish in certain specified waters of Labrador and Newfoundland falling within British marine jurisdiction, and enjoyed privileges of landing for the purpose of curing and drying fish on certain shores, but only as long as these were unsettled; and could enter bays and harbors for the purpose of shelter, repairing damages, purchasing wood, and obtaining water. In the course of time, as population extended along the coast, the special advantages of drying and curing fish were impaired; and new questions of dispute arose on which the treaty gave no precise definition—as, for example, the right to enter ports for the purposes of procuring bait, preparing to fish, cleaning and packing fish, and transshipping fish.[1]

In order to avoid complications of authority in the middle of the fishing season, the provisions of the treaty of 1871 were extended for six months by an agreement of July 1, 1885.[2] The administration indicated a desire to include the settlement of the fishery question with a larger scheme of reciprocity with Canada,[3] which met with little favor in the Republican Senate; and any plan for continuing

[1] Henderson, *Am. Diplomatic Questions*, 499; Elliott, *U. S. and the Northeastern Fisheries*, 120.

[2] *Foreign Relations* (1885), 460, 466.

[3] Henderson, *Am. Diplomatic Questions*, 462.

free entry of Canadian fish was violently opposed by the fishermen of New England. In May, 1886, Canada warned all foreign fishermen that she intended to put in force a strict interpretation of the treaty of 1818; and local laws were also applied with harshness.[1]

Two fishing-schooners, the *David J. Adams* and the *Ella M. Doughty*, were at once seized by Canadian authorities, and early in July, 1886, more were taken. At first an attempt was made to obscure the real grounds for the seizures by announcing that the vessels were guilty of infractions of maritime law by concealment of the name, the port of destination, and certain required specifications as to the register of the vessels. The real offence, however, was the purchase of bait by the American craft, and upon this issue a long controversy took place. The delay was provoking; the government of Great Britain insisted upon waiting for the results of court proceedings in Canada, while the United States protested that the dispute was not a matter for judicial and local inquiry, but a subject for diplomatic settlement.

Popular feeling, especially in New England, was aroused into indignation against the government for not protecting the American fishing fleet with armed vessels. In January, 1887, Senator Edmunds, of Vermont, chairman of the committee on foreign relations, made an exhaustive report[2] on the fishery

[1] Elliott, *U. S. and the Northeastern Fisheries*, 91; Moore, *International Arbitrations*, I., 710.

[2] *Senate Reports*, 49 Cong., 2 Sess., No. 1683.

question, which narrated in detail the long roll of grievances which the American fishermen had against Canada, and presented a drastic bill which was passed: under this the president might in his discretion exclude the vessels of British North America from such privileges of the ports of the United States as he might think proper to name; and might also deny entry into the United States of fresh fish, salt fish, or "any other product" of Canada.[1] The administration, however, had its own plan. It appreciated the "grave and solemn responsibilities" which this act entailed, in a far broader spirit than winning an immediate advantage for the fishing industry. To maintain the honor, dignity, and integrity of the nation, particular injuries must oftentimes, said President Cleveland, be "patriotically borne for the common good." [2]

Without authority from the Senate, and, indeed, after the Senate had deliberately expressed its conviction that such action was inadvisable,[3] Secretary Bayard, in October, 1887, on his own responsibility, appointed William L. Putnam, of Maine, and President Angell, of the University of Michigan, to serve with him as a commission to confer with British representatives. This commission met in Washington, and arranged a treaty to settle the interpretation

[1] *U. S. Statutes*, 49 Cong., 2 Sess., chap. cccxxxix.

[2] Letter to president of American Fishery Union, April 7, 1887, in McPherson, *Handbook of Politics* (1888), 42.

[3] *Cong. Record*, 49 Cong., 1 Sess., pt. iv., 3440 (April 13, 1886).

of the convention of 1818, which the President on February 20, 1888, transmitted to the Senate.[1] Provision was thereby made for a commission to designate the waters in which the United States could enjoy the full right to fish; it was also provided that when the tariff restrictions on Canadian fish should be removed, the Americans would be given certain other privileges in the purchase of supplies. The Republicans opposed this, on the ground that the treaty contemplated a surrender of bay fishing, and would thus increase the sources of irritating disputes.[2] The legality of the commission which had drawn up the treaty was also questioned. Senator Bayard, it was said, might have been animated by a patriotic and praiseworthy desire to establish friendly relations with Great Britain, but on every point he had been bamboozled by his diplomatic opponents.[3] The Democrats supported the president only in a half-hearted manner, and on a party vote the treaty was lost by a vote of 27 to 30.[4] The work of the commission, however, even if it failed in securing a treaty, did much to soften asperities and quiet irritation.

Nevertheless, there was still possibility of trouble. On August 23, 1887, Cleveland asked for further power to undertake retaliation in case harsh measures

[1] McPherson, *Handbook of Politics* (1888), 114.
[2] Committee on Foreign Relations, *Report*, May 7, 1887.
[3] Hoar, *Autobiography*, II., 145.
[4] *Cong. Record*, 50 Cong., 1 Sess., pt. viii., 7768; Dingley, *Nelson Dingley, Jr.*, 292.

should be necessary. He hesitated to take extreme action which would inflict damage upon citizens of the United States, and therefore recommended, as supplementary to the act of 1887, that a law be passed prohibiting the transit in bond of all goods from Canada over the territory of the United States.[1] Nothing came of this recommendation. The Republican Senate and the Democratic House could not agree upon any measure which would relieve the president of the embarrassing responsibility which he carried. Pending action, the administration agreed upon a *modus vivendi* which by successive renewals gave to American fishing-vessels the privilege of entering bays and harbors upon payment of an annual license, at a fee of one dollar and a half per ton, and the right to purchase bait and other supplies. The changed conditions in the methods of fishing helped to relieve the situation. The disappearance of mackerel on certain coasts; the method of packing in ice, and the use of iced bait, made port privileges of less consequence. As a result, few of the fishing-vessels cared to take out the licenses.

Cleveland quickly reversed his predecessor's isthmian canal policy, and on March 13, 1885, withdrew the Frelinghuysen-Zavalla treaty negotiated with Nicaragua.[2] He distrusted "entangling alliances" which might interfere with the conditions of the

[1] Richardson, *Messages and Papers*, VIII., 620.

[2] Sparks, *National Development* (*Am. Nation*, XXIII.), chap. xiii.

Clayton-Bulwer treaty which had been agreed upon in 1850 by Great Britain and the United States, for the express purpose of defining the control and use of a ship canal between the Atlantic and Pacific oceans in case one should be built. Under that treaty the two countries bound themselves never to obtain or maintain any exclusive control over such a canal; never to maintain fortifications commanding the same; and never to make use of any alliance or agreement with any of the Central American states to obtain unequal advantages in regard to commerce or navigation through the canal.[1] Nor did Cleveland "favor a policy of acquisition of new and distant territory" . . . which might involve "absolute and unlimited engagements to defend the territorial integrity of the state," in which our new interests might lie. The control of the canal should be neutral and removed from domination by any single power.[2]

In the following year a private syndicate organized in New York sent an engineer, Mr. Menocal, to Nicaragua to secure concessions. The negotiations were successful; grants were secured for ninety-nine years, coupled, however, with a serious proviso that the construction work be completed in ten years.[3] Congress was then asked to charter the Maritime Canal Company of Nicaragua, so that the

[1] Latané, *Diplomatic Relations of U. S. and Spanish America*, 188. [2] Richardson, *Messages and Papers*, VIII., 327.
[3] Henderson, *Am. Diplomatic Questions*, 75.

undertaking might secure adequate protection in case internal or external troubles might arise. Much as Congress favored a canal, it hesitated to commit itself even thus far; there was fear that the door would be open to a lavish and useless expenditure of public money. The promoters of the canal, however, emphatically protested that they did not want money, but governmental sanction; under an act of incorporation by Congress, it was thought there would be no difficulty in financing the enterprise.

Serious objections were encountered; for even if no money or credit were given by the government, the grant of charter privileges might be construed as an indorsement by Congress, which would mislead capitalists; and if the enterprise proved a failure, the government would be involved in demands for relief. Finally, after much debate, a charter was granted, February 20, 1889, with the express condition that the United States should not be committed to any pecuniary liability, but should, however, exercise such control over the canal as was provided for by the treaty of 1867 with Nicaragua, and not inconsistent with any treaty obligations of the United States with other powers.[1] Apart from the physical difficulties of digging the canal, other conditions were adverse to this enterprise; Nicaragua, which made the concessions, was a weak state, unable to protect its territory; and the future political status of the canal was left uncertain in the

[1] *U. S. Statutes*, 50 Cong., 2 Sess., chap. clxxvi.

grants accorded by that state, much less had it been determined by international agreement. Although the United States, by its treaty of 1867 with Nicaragua, agreed to guarantee the neutrality of a canal if one was ever built, it had never entered into agreements with other nations which would make such a guarantee effective.[1]

A small amount of stock was sold by the Maritime Canal Company, contracts were made, the harbor at Greytown dredged, breakwaters constructed, and a little digging was done. The work, however, was too great and risky for private enterprise; the failure of the Panama Company in 1889, the weakness of the governments of Central America, and the money stringency occasioned by the failure of Baring Brothers in 1890, deterred private capitalists, either in the United States or abroad, from investment.[2] It was not long, therefore, before the Federal government was again appealed to; the Senate committee on foreign relations as well as the president[3] responded favorably to the request, and in 1891 a bill was introduced authorizing an issue of one hundred million dollars of the Maritime Canal Company's bonds, to be guaranteed by the government, which should hold a controlling interest in the stock as pledged.[4] The Senate committee, re-

[1] Woolsey, *Am. Foreign Policy*, 147.
[2] *Senate Reports*, 54 Cong., 1 Sess., No. 1109, p. 38.
[3] Richardson, *Messages and Papers*, IX., 317.
[4] *Senate Reports*, 51 Cong., 2 Sess., No. 1944.

porting the bill, declared that the Clayton-Bulwer treaty was obsolete, and advised action without regard to previous international understandings. Congress, however, was not ready to take so decisive a step without an agreement with Great Britain; and in view of the unfortunate experience of the government in aiding the construction of Pacific railroads, it was reluctant to subsidize private corporations.[1]

During the four years of intermittent debate in the Senate on the foregoing bill, abundant evidence was given of a growing desire on the part of the United States to free itself from all treaty restrictions which prevented independent action in world politics.[2] Some members, in accordance with the report of the committee, wished to make an abrupt break with the past, and denounced the Clayton-Bulwer treaty as an improvident agreement worthy of no further respect, even if the rights of Great Britain had not lapsed by neglect. Others maintained that, under the strict interpretation of the rules of international law, the treaty could be abrogated, since the state of affairs which were its basis and one of its tacit conditions no longer existed. Great changes in the interests of the United States arose out of the development of the Pacific coast, where a new country had been settled with a rapidly

[1] See debate in Senate, December, 1894, *Cong. Record*, 53 Cong., 3 Sess., pt. i., 356 et seq.; John Sherman, *Recollections*, 1068.
[2] Travis, *Clayton-Bulwer Treaty*, 240.

growing population. Between 1881 and 1890 the population of Washington, Oregon, and California increased from something over eleven hundred thousand to a trifle above two million. The coast section contained enormous natural resources of timber, ores, and coal, products too bulky in proportion to value to justify shipment by rail; and the long voyage around Cape Horn was too tedious to satisfy the requirements of modern economy. Others argued that if the treaty was to be terminated, it should be done in an open manner by friendly negotiations with Great Britain, rather than by indirect agreements with other nations. A few people, on the other hand, maintained that, in the interests of the United States, the Clayton-Bulwer treaty should be kept actively in force, as it saved this country from incurring the sole cost of enforcing neutrality.

Public interest in the United States in the canal increased when there were signs that the Panama Canal would not be carried through by De Lesseps.[1] Work on this enterprise had been prosecuted since 1881; in seven years two hundred and sixty million dollars was expended, of which almost one hundred and twenty million dollars appears to have gone into construction; until, overwhelmed by scandal, the work was abandoned. The national pride of America was now appealed to, because there was still opportunity for the United States to win the prize.

[1] Keasbey, *Nicaragua Canal*, 432.

The Senate finally, January 25, 1895, passed a canal bill,[1] but no action was taken in the House. It was also impossible to secure the agreement of both branches of Congress to a joint resolution for the abrogation of the treaty. The government continued its interest in the project by despatching commission after commission to Nicaragua to investigate and survey, but this did not bring out funds. The enterprise dragged along until 1898, when the concessions expired.[2]

Meanwhile there was an agitation for substituting the Panama for the Nicaragua route. Each had its advantages: in favor of the latter was the shorter sailing distance from the Atlantic coast to the Pacific ports of North America, and a less elevation to overcome in the surface of the territory through which the canal was to be constructed; the Panama route claimed shorter length from sea to sea—forty-seven miles as against one hundred and ninety—an excellent harbor at either end, and a large amount of work already accomplished on this project. Years were spent in balancing these respective merits, so that the real and effective initiation of this great engineering project of connecting the two oceans was delayed until 1904.

Aside from these international questions, there were two other diplomatic incidents, one at the

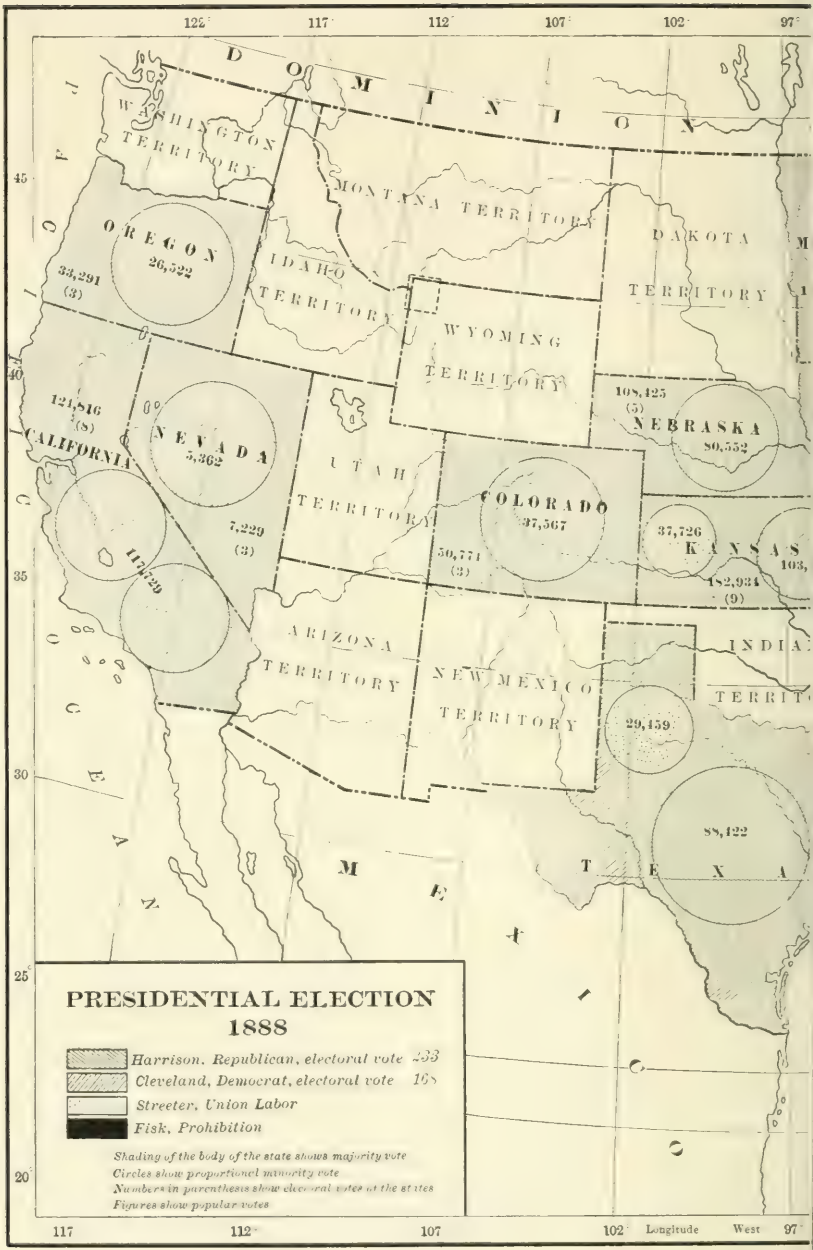
[1] *Cong. Record*, 53 Cong., 3 Sess., pt. ii., 1358.

[2] *Foreign Relations* (1897), 418; Henderson, *Am. Diplomatic Questions*, 76 et seq.

beginning and the other at the close of Cleveland's administration, which aroused an unusual degree of popular interest. In 1885 a ripple of excitement was caused by the appointment of Mr. Anthony M. Keiley, of Virginia, first as minister to Italy, and then to Austria-Hungary. He was *persona non grata* to the first government on account of remarks which he had made at a public meeting held in Richmond, in 1871, to protest against the "dethronement of the Pope as a civil sovereign."[1] Austria-Hungary objected on the double ground of Mr. Keiley's "want of political tact,"[2] and of the certainty that his "domestic relations" precluded a friendly reception by Vienna society. This latter statement was based upon the report that Mr. Keiley's wife was a Jewess. Neither of these objections appeared valid to the department of state which argued that Austria-Hungary was under no obligation to consult the wishes of Italy which had previously objected to Mr. Keiley;[3] and that the government of the United States was forbidden under the Constitution to recognize any religious tests in the selection of its officials.[4]

During the interchange of diplomatic notes, it was suggested by Count Kalnoky, Austrian minister of foreign affairs, that the difficulty might have been avoided if the United States had secured the con-

[1] *Foreign Relations* (1885), 549–552.
[2] Schaeffer to Bayard, June 11, 1885, *Foreign Relations* (1885), 55. [3] *Ibid.*, 40. [4] *Ibid.*, 50.


122°
117°
112°
107°
102°
97°
D O M I N I O N
WASHINGTON TERRITORY
MONTANA TERRITORY
DAKOTA TERRITORY
OREGON
26,522
33,291
(3)
IDAHO TERRITORY
WYOMING TERRITORY
108,425
(5)
NEBRASKA
80,552
121,816
(8)
CALIFORNIA
NEVADA
5,362
7,229
(3)
UTAH TERRITORY
COLORADO
37,567
37,726
50,771
(3)
182,934
(9)
117,729
ARIZONA TERRITORY
NEW MEXICO TERRITORY
29,459
88,422
45°
40°
35°
30°
25°
20°
117°
112°
107°
102°
Longitude West
97°
PRESIDENTIAL ELECTION
1888
Harrison, Republican, electoral vote
Cleveland, Democrat, electoral vote
Streeter, Union Labor
Fisk, Prohibition
Shading of the body of the state shows majority vote
Circles show proportional minority vote
Numbers in parenthesis show electoral votes of the states
Figures show popular votes

92
87
82°
77
72
67
45
40
35
30
25
20
CANADA
LAKE SUPERIOR
LAKE MICHIGAN
LAKE HURON
LAKE ERIE
ONTARIO
WISCONSIN
155,232
MICHIGAN
213,459
236,370
(13)
IOWA
211,567
(13)
176,553
(11)
179,887
ILLINOIS
348,278
261,013
(22)
INDIANA
263,361
(15)
OHIO
396,455
1,416,054
MISSOURI
370,473
(22)
236,257
261,974
(16)
KENTUCKY
183,800
155,134
(13)
TENNESSEE
138,988
158,799
(12)
85,962
(7)
10,613
ARKANSAS
58,732
MISSISSIPPI
30,096
56,197
ALABAMA
30,484
85,471
(9)
117,320
(10)
LOUISIANA
85,032
(3)
GEORGIA
40,496
100,199
(12)
39,561
(4)
FLORIDA
NEW YORK
635,757
(33)
NEW
648,759
(36)
PENNSYLVANIA
446,633
(30)
526,091
79,664
(6)
W. VA.
77,791
VIRGINIA
150,438
151,977
(12)
NORTH CAROLINA
117,902
(11)
134,784
65,925
(9)
SOUTH CAR.
13,736
53,734
(6)
MAINE
59,151
16,788
VT.
N.H.
43,488
MASS.
R.I.
CONN.
Rep. 183,892 (14)
Dem. 151,855
Rep. 21,968 (4)
Dem. 17,330
Dem. 74,090 (6)
Rep. 74,384
Dem. 111,402 (9)
Rep. 114,344
DEL.
Dem. 16,414 (3)
Rep. 12,973
MD.
Dem. 106,168 (8)
Rep. 99,986
ATLANTIC
OCEAN
BAHAMA
ISLANDS
GULF OF MEXICO
TROPIC OF CANCER
CUBA
BUREAU ENGRAVING CO., N.Y.
Greenwich
92
87°
82°
77°

fidential *agrément* of the Austrian government before making the appointment. This practice Secretary Bayard declared was impracticable and unwise for the United States, a country which had "never adopted the policy of employing professional diplomatists," and which selected for its diplomatic agents those who were in harmony with the latest expression of public opinion as the result of popular election.[1] Notwithstanding these independent views of American policy, there was no way of forcing foreign countries to accept our interpretation of constitutional limitations. For a time the Austrian post was left vacant, but wiser students of the principles of international comity deplored the incident as furnishing new evidence of the immaturity of the United States in the handling of international relations.

In October, 1888, a tempest was raised by Sir Lionel Sackville-West, the minister of Great Britain to the United States, who was skilfully drawn out by a person falsely alleging that he was a naturalized Englishman, seeking counsel as to how to vote in the approaching presidential election. The minister in his answer naïvely recognized that "any political party which openly favored the mother country at the present moment would lose popularity," but added that he believed President Cleveland, in the questions between the two countries which might come up for settlement, would show a spirit of con-

[1] *Foreign Relations* (1885), 52.

ciliation.[1] As the letter was made public, President Cleveland felt constrained to notify the British government that the continuance of Lord Sackville as minister was no longer acceptable to the United States. The administration could not afford, with the election only two weeks away, to run the risk of another Burchard episode.

[1] Curtis, *Republican Party*, II., 201.

CHAPTER VIII

CAMPAIGN OF 1888
(1887–1888)

AMONG the many reasons assigned for the defeat of the Republicans in 1884, none received greater weight than the independent strength of the Prohibitionists. The total vote cast for their candidate, St. John, in 1884, was not large, but so evenly were the old parties matched that a small defection meant a controlling factor. For example, in Connecticut the Democratic plurality was only 1276, as compared with a prohibition vote of 2305; in New Jersey the respective numbers were 4412 and 6153; and in New York 1047 and 34,909, a figure which in the state election two years later was increased to 36,414. The Republicans were in a difficult position; they were not prepared to incorporate prohibition as a plank in their platform, and yet they were unwilling to stand idle and see thousands of votes diverted into what they thought useless channels.[1] The boldness of the liquor industry in influencing elections where license was an issue

[1] George, "Saloon Question in Chicago," in *Economic Studies*, II., 103; Ernest H. Crosby, in *Forum*, VII., 323 (May 1889).

excited alarm. Responsible leaders declared that there was no other evil in politics comparable to the liquor power, and that it was a menace to the Republican party little less grave than was slavery thirty years before.

In a call for a Republican conference to be held in Chicago in 1886, it was declared that the very existence of the party was at stake; that it was now losing at both ends of the line and gaining nowhere, and that it needed no argument to show that the current must in some way be changed or a long series of disasters, if not ultimate ruin, was inevitable.[1] It was better to recognize the situation openly and send every saloon-keeper into the Democratic party. In some states the Republicans supported a high-license policy, and in a few instances attempted to make it a party issue.[2] In 1887 the legislature of Pennsylvania passed a high-license bill; New Jersey, Connecticut, and Massachusetts also declared in its favor. In New York there was a warm contest in favor of the Crosby high-license bill, on which party alignment was sharply drawn, the bill being passed by the Republican legislature, but vetoed by the Democratic governor, Hill, in April, 1887. In a few of the northern states—Rhode Island (1885), Pennsylvania (1887), and Massachusetts (1888)—the Republican party went still further, and agreed to submit to the people the ques-

[1] *N. Y. Tribune*, July 21, 1886.
[2] *Public Opinion*, VII., 180.

tion of a constitutional amendment for the absolute prohibition of the manufacture and sale of intoxicating liquors.

Party Prohibitionists would have nothing to do with high license, on the ground that "the state should not live off from the wages of sin." They opposed either a national or a local revenue from the sale of whiskey or beer; and, in the intensity of their feeling, they frequently worked with liquor dealers to kill high-license bills. They denounced the measures recommended by anti-saloon Republicans as half-hearted; and when Republicans voted for the submission of constitutional amendments, accused them of insincerity. How otherwise, they asked, could be explained the subsequent failures to secure prohibition at the polls, in states so strongly Republican as Pennsylvania and Michigan? The Republicans were charged with casting yearning glances towards the German vote and the Republican saloon, and of supporting temperance "meanly and sneakingly."[1] Nor were Prohibitionists disturbed by the accusation that they were defeating their own objects by a policy of obstinate independence; even if the Democratic party in the North defended the liquor traffic, that was no reason, they thought, why they should compromise with Republicans who placed expediency above conviction; in order to secure radical temperance ends, it was better in the long-run to make no concessions. The Prohibition-

[1] Neal Dow, in *Public Opinion*, IV., 9 (October 15, 1887).

ists looked back to the old anti-slavery party, which stood aloof from Whigs and Democrats until it had a decisive influence in affecting legislation.

In the South the political phases of the prohibition movement were less partisan. The Democrats brought about high license in Missouri, and placed the liquor traffic under control in Alabama. In Texas and in Tennessee many prominent Democrats, in 1887, favored a prohibitory constitutional amendment. The southern Democrat could not understand why his brethren in the northern states should appear to protect the saloon interest and oppose high-license laws for the regulation of the retail liquor business. "The moment liquor license legislation comes up in certain states, the Democratic tom-tom is beaten to call the party to the defense of the priceless right of an American citizen to sell liquor when he pleases." [1]

The Prohibitionists were greatly encouraged by a decision of the Federal Supreme Court, in 1887, confirming the validity of the prohibitory laws of Kansas.[2] The court declared that the right to sell intoxicating liquors is not one of the rights of citizenship secured by the Fourteenth Amendment; that the right to manufacture is subject to the restriction that it shall not endanger or affect the rights of others; and that all property is held under the implied obligation that it shall not be injurious.

[1] *St. Louis Republican*, April 15, 1887.
[2] 3 Mugler *vs.* Kansas, 123 U. S., 623.

Congress was flooded with petitions for legislation to abolish the liquor traffic in the District of Columbia. Many Republicans were disgusted with the weak and ambiguous temperance plank in the New York Republican platform in 1887, and accused Senator Evarts, who prepared the statement, of "spitting on the bait" to catch temperance Republicans. And when, in spite of artful phrasing, the Democrats won in that state, temperance Republicans declared that the time had passed for further conciliation. Continued agitation had its effect on the Republicans, many of whom went so far as to advocate, as a party measure, an amendment to the Federal Constitution prohibiting the manufacture of intoxicants.[1] Demands were made that the Republican party in its national platform of 1888 should denounce the saloon and its corrupt influence, and recommend that the fate of the liquor traffic be submitted to the arbitration of the people.[2]

Shrewder politicians in the Republican organization, however, who were keen in reading the signs of the times, were convinced that the prohibition movement was on the wane: Texas, Tennessee, Michigan, and Oregon, four states remotely situated from one another, defeated constitutional prohibition by popular vote; and several state elections in 1887–1888 gave a smaller vote for prohibition. Careful

[1] See Ames, "Proposed Amendments to the Constitution," in Am. Hist. Assoc., *Annual Reports* (1896), II., 272.

[2] *Independent*, May 17, 1888.

calculation showed that, if a radical stand were taken, more voters would be driven out of the party by prohibitory action than could be induced to come back. It was doubtful, therefore, if any political advantage could be gained by concessions which were not indorsed by practically the entire party following.

By the middle of Cleveland's term discussion in regard to the presidential candidates of the Republican and Democratic parties for 1888 was already active. The two main factors in this early agitation were the discontent within the Democratic party with President Cleveland, and the uncertainty as to the future purposes of Mr. Blaine. From all parts of the country came Democratic grumbling that the president was ruining the party by an unreasonable recognition of civil service reform; that he showed no talent for leadership, and was rapidly disintegrating the party; that in developing a party policy he appeared to dictate rather than to persuade and placate divergent interests. He did "not touch elbows with Congress," [1] and hence had but few stanch defenders in the press or in Congress itself, where Democratic senators did not disguise their opposition.[2] In the West his popularity was declining because of his opposition to silver, his veto of pension bills, and his careful scrutiny of appropriations for public buildings.

[1] John Sherman, *Recollections*, 1032.
[2] Hoar, *Autobiography*, II., 145.

To these charges was added ill-concealed irritation because Cleveland did not travel widely through the West or take pains to acquaint himself at first hand with its people and its resources. Cleveland did not have the faculty of winning the affections of his followers. His reluctance to yield to the solicitations of office-seekers made him appear ungracious, and, though the candidate might be successful in his application, there was frequently a legacy of heart-burnings and resentment rather than warm personal loyalty. The earlier messages of the president were characterized as ponderous and commonplace documents, in which general phrases took the place of sharp and decisive recommendations of policy. He, was moreover, accused of inconsistency, of straining at a gnat and swallowing a camel; of industriously busying himself with little matters while he was unable to shape large policies; of vetoing the appropriation of ten thousand dollars' worth of seeds for certain sufferers in Texas,[1] but signing a fifteen million dollar river and harbor bill full of jobbery.[2]

Meanwhile Governor Hill, of New York, was rapidly growing in favor. While yet a young man he acquired a reputation as an excellent lawyer, and he twice served as president of the New York Bar Association. In 1882 he was elected lieutenant-

[1] Richardson, *Messages and Papers*, VIII., 557; Mason, *Veto Power*, 107, 183.

[2] *U. S. Statutes*, 50 Cong., 1 Sess., chap. dcclxxii.

governor of the state, and upon Cleveland's accession to the presidency succeeded him as governor, where he devoted himself unsparingly to party organization. To the spoilsmen his democracy was much more inspiring than that of Cleveland who occasionally dallied with mugwumpery. Hill's declaration before a Democratic organization in Boston,[1] that he was utterly opposed to any policy or scheme which prevents an administration from recognizing faithful party service in the distribution of important offices of the government, found cordial indorsement even in Massachusetts, which was supposed to be thoroughly inoculated with civil service reform. In New York, Hill had the warm support of Tammany, and was busily engaged in organizing a machine loyal to his fortunes.

Indeed, there was a scarcity of suitable Democratic leaders. Bayard's policy in the state department did not arouse enthusiasm; Thurman, of Ohio, was too old; and as the party was divided on the tariff, the selection out of Congress of the protectionist Randall or the free-trader Morrison was held impolitic. John G. Carlisle was well regarded: he came from Kentucky, the border-line of the South and West, and a long legislative training had culminated in the speakership, where he won general respect as impartial. It was doubtful, however, if he could carry the northern states, for he, likewise, was too much of a free-trader for the De-

[1] Speech at Bay State Club, in *N. Y. Tribune*, June 19, 1886.

mocracy of New York. Once more, therefore, New York was the centre of attraction. Every move of Hill's was watched, and every appointment of Cleveland's was thoroughly analyzed. Both Cleveland and Hill walked warily, for neither wished to be responsible for an open break in the party. Hill declared that Cleveland was the strongest candidate, and Cleveland wrote election letters in behalf of Democrats whom he had reason to believe were working for Hill. The Democratic press of New York was divided in its allegiance; some accused the president of scheming for a renomination; of retaining Garland as attorney-general after disclosures which showed imprudence, in order to avoid giving offence to the South; of signing the oleomargarine tax bill to please the farmers; of deferring to mugwumps in states where they were influential, and with equal facility making alliances with machine politicians in states where there was no reform sentiment.[1] Others, however, said that Cleveland by his independence was intentionally taking himself out of the running; that, indeed, he would not accept a second term, for in his letter of acceptance, in 1884, he had referred to the "eligibility of the President for re-election as a most serious danger." [2]

The Republican party, unlike its rival, had no lack of leaders. With the exception of Arthur, the prominent candidates of 1884 were still in public

[1] *N. Y. World*, October 21, 1886.
[2] Cleveland, *Writings and Speeches* (Parker ed.), 11.

life; and, now that Blaine had had his try, other favorite sons were being pressed into service. General Logan, up to his death in December, 1886, made some progress in attracting a noisy following. He stood for the soldier, and Cleveland's vetoes of pension bills gave him a fortunate opportunity for defending the veteran. Senator Sherman, of Ohio, still retained the favor of the financial interests in New York, although occasionally he appeared to shift his ground on the silver question. His most serious obstacle to preferment lay in an inability to gain the hearty support of the politicians from his own state; by many also he was considered antiquated and somewhat soured by previous disappointments. His reputation rested principally upon his service as secretary of the treasury from 1877 to 1881, and had not since been enhanced. The candidacy of Senator Edmunds, of Vermont, was no longer seriously considered: his refusal to make speeches in behalf of Blaine, in 1884, left bitter memories; and the rising antagonism to corporations made the choice of a railroad attorney of questionable expediency.

Senator Allison, of Iowa, a newer candidate, began to receive favorable mention: he had enjoyed a long legislative experience at Washington, entering Congress just as the Civil War closed, where he held aloof from the bitter debates over the relations of the South to the North; he was well informed on financial questions, but had not identified himself

completely with any wing of the party, either on the subject of taxation or currency. On the tariff question he was supposed to be friendly to revision. He was a man of great industry, modest, happy in his relations with all, and loyal to his friends. Indiana had two candidates, Judge Walter Q. Gresham and Senator Harrison. The former had achieved some reputation as a member of President Arthur's cabinet, and as a judge of a Federal court he proved himself to be a good jurist, attaining a special prominence by handling the bankrupt Wabash Railroad in a way which showed that he recognized the evils of monopoly and corrupt management. Although originally a Grant man and a "stalwart" of the stalwarts, he was acceptable to the mugwumps, and his candidacy was represented as a protest against Blaineism. Gresham was also favored by those who held moderate views on the tariff. He could not win, however, the needed support of his own state, for Benjamin Harrison who had been senator since 1881, was the favorite son of Indiana. The latter was an able lawyer, and during the Civil War won a satisfactory military record; without being brilliant, he had the characteristics of sturdiness and faithfulness to duty.

Blaine was an enigma. His passionately loyal adherents declared in doggerel iteration that he was the only logical candidate—

> "Blaine, Blaine, the man from Maine,
> We've had him once, and we'll have him again."

The election of 1884 had been lost by a hair's-breadth, and the defeat was attributed to a combination of accidents which were not likely to recur. According to his friends, that canvass swept into oblivion the charges made against his personal honor. But even the associates of Blaine were in doubt as to his intentions; there were rumors of ill-health, and many thought that he would not be willing to go through the physical and mental torture of a campaign. He graciously accepted promises of future allegiance, but evaded all positive declarations. The result was that Blaine, although in retirement, was not left in peace. Every word that he uttered in careless conversation or wrote in informal letters was ingeniously twisted into an interpretation bearing upon his candidacy. When the Republican congressional committee was reorganized in 1886, it was said to be for his benefit; when he naturally took part in the campaign of his own state, he was accused of endeavoring to rehabilitate his fortunes; and when he made a speech in favor of home rule for Ireland,[1] he was charged with making a bid for the Irish vote.

As time went on, the Democratic drift was unmistakably towards Cleveland, not that the party spokesmen sincerely wanted him, but there appeared to be no one else to whom to turn with hope of success. He was stronger with the people than with the politicians. His civic courage, moderation, and

[1] Speech at Portland, Maine, in *N. Y. Tribune*, June 2, 1886.

practical dealing with questions when they arose made a lasting impression.[1] Contrary to the expectation of party managers, citizens remembered his messages. Phrases which had been dubbed "commonplace" became proverbs, such as "Though the people support the government, the government should not support the people"; the "mad chase after partisan spoils"; the "pernicious activity of offensive partisans"; "innocuous desuetude" as applied to antiquated laws; and the characterization of the financial problem as "a condition, not a theory."[2] Those who had been impatient critics resigned themselves to the situation in pathetic fatalism: "If we cannot elect Cleveland, whom can we?" The success of the Democrats in the New York state election of November, 1887, clinched the matter. Even Henry Watterson, editor of the *Courier-Journal*, of Louisville, Kentucky, who had persistently nagged the president for his infidelity to true Democratic principles, admitted that Cleveland was stronger than in 1885, and paid tribute to his "unflinching integrity and robust commonsense."[3] Cleveland was also favored by banking and capitalist interests because of his hard-money

[1] Lowell, *Prose Works* (Riverside ed., 1891), VI., 186.

[2] Veto of Texas seed appropriation, Richardson, *Messages and Papers*, VIII., 557; speech at unveiling of Garfield statue, May 12, 1887, in Cleveland, *Writings and Speeches* (Parker ed.), 224; Richardson, *Messages and Papers*, VIII., 41, 381, 494, 590.

[3] *North Am. Rev.*, CXLV., 269; also Curtis, in *N. Y. Evening Post*, April 22, 1887.

and anti-silver policy; while the former distrust of the commercial class was now disarmed, since it had been shown that business was not affected by a change to a Democratic administration. At the Democratic convention held in St. Louis, June 5, 1888, Mr. Cleveland was renominated without a contest. No other name was placed in nomination. For vice-president the venerable senator Allan G. Thurman, "the noble old Roman" of Ohio, was selected.

On the Republican side there was no such convergence of opinion. The relative position of the candidates in public favor changed from month to month. Sherman's boom was especially prominent in the first part of 1887, when he took a trip through the South, and by conciliatory speeches abated some of the prejudice caused by his previous outspoken denunciation of the suppression of the negro vote. He referred to the kindly spirit shown by the southern whites towards the colored race, and earnestly appealed to the new industrial interests of that section to support the tariff.[1] Whatever advantage Sherman may have won by this political tour was lost by a speech made in Springfield, Illinois, a few weeks later, in which he termed the Democratic party "the left wing of the new Confederate army."[2]

In 1887 Blaine went to Europe, but left no word behind him as to his future candidacy. When, how-

[1] John Sherman, *Recollections*, 980.
[2] *Ibid.*, 985; *N. Y. Tribune*, June 2, 1887.

ever, he promptly attacked Cleveland's tariff-reform message of 1887 in an extended interview, cabled from Paris, it was generally assumed that he intended to try the fortunes of war once more.[1] Great, therefore, was the astonishment of the country when the chairman of the Republican National Committee made public a letter written by Blaine from Florence, Italy, January 25, 1888, in which he declined to allow his name to be used. Personal considerations only were assigned as the reason for the step. Privately it was known by friends that he would not engage in a struggle for the nomination, and as there were no indications of unanimity in his favor, he withdrew.[2] Blaine confirmed his intention in an interview published in the *New York World*, February 25, 1888. Sherman thought that Blaine was largely influenced by feeble health and by the Democratic victory in New York in 1887.[3]

In spite of this renunciation there was still doubt as to whether Blaine would actually decline the nomination if tendered. His enemies declared that he was insincere, and that if he really meant to withdraw he should state positively, "I will not accept, if nominated." Many of Blaine's friends would not accept the withdrawal as final, and insisted that if a unanimous nomination were tendered he would accept the responsibility. During

[1] *N. Y. Tribune*, December 8, 1887.

[2] Letter to Patrick Ford, in Hamilton, *Blaine*, 603; Stanwood, *Blaine*, 304.

[3] John Sherman, *Recollections*, 1003.

the spring, delegates were enthusiastically pledged to Blaine. Once more he, under date of May 17, 1888, wrote from Paris to Whitelaw Reid, stating that his withdrawal was final. "If," he wrote, "I should now by speech or by silence, by commission or omission, permit my name in any event to come before the convention, I should incur the reproach of being uncandid with those who have always been candid with me."[1] Blaine Republicans did not know which way to look. New presidential booms were started—Senator Depew, of New York, ex-Governor Alger, of Michigan, and Governor Rusk, of Wisconsin, were entered as favorite sons. No one of the candidates save Sherman stood so prominent as to attract any large number of delegates. Until the convention met, it was, even to expert students of political affairs, anybody's race.

The Republican convention met in Chicago, June 19, 1888. On Thursday, the third day, nine candidates were placed in nomination; on Friday the balloting began; three ballots were taken, in each of which Mr. Sherman led; but his largest vote was not much more than a quarter of the total number. On Saturday two more ballots were taken; the withdrawal of Depew and Rusk made Harrison a formidable rival of Sherman. The supporters of other candidates, however, were not disposed to yield; and there were rumors that Mr. Blaine might yet be persuaded to enter the fight, for some still hoped

[1] Hamilton, *Blaine*, 606.

that, if the contest were prolonged, the convention, wearied and discouraged, would turn to him with unanimity and thus overcome his scruples. The situation was cabled to Mr. Blaine, who was visiting Andrew Carnegie in Scotland. It was to no purpose. On Monday a confidential friend received the decisive despatch: "Too late, Blaine immovable. Take Harrison and Phelps.—Carnegie." [1] Not until three more ballots were taken did the convention adopt Blaine's suggestion as to the head of the ticket, and Harrison on the eighth day received 544 votes out of a total of 830. Levi P. Morton, of New York, was nominated for vice-president. The result was a sad disappointment to Senator Sherman, for it was his last opportunity to receive the highest honor of his party; he attributed his failure in part to the purchase by friends of Alger of southern delegates who had been pledged to his support.[2]

The National Prohibition party nominated Clinton B. Fisk, of New Jersey, for president. He was a successful business man, interested in the education of colored youth, as witnessed by his devotion to Fisk University, in Nashville. The Prohibition platform was a comprehensive statement of principles. In 1884 it dealt simply with temperance, the repeal of the whiskey and tobacco taxes, and the denunciation of polygamy; even woman suffrage was then "left to the discretion of the prohibition party in

[1] Stanwood, *Blaine*, 308.
[2] John Sherman, *Recollections*, 1029.

the several states." The platform of 1888 included indorsement of a protective tariff, and made an aggressive bid for Republican votes. On the other hand, the national Republican platform contained a brief expression of cordial sympathy "with all wise and well directed efforts for the promotion of temperance and morality"; and favored the repeal of internal-revenue taxes, though this was in the interest of protection, rather than for social reform.

The concentration of the campaign upon the tariff to the neglect of all other issues has already been described.[1] One other feature only need be noted—the free use of money in the purchase of votes. Evidences of this use were seen in a letter said to have been written by W. W. Dudley, treasurer of the National Republican Committee, to party leaders in Indiana: "Divide the floaters into blocks of five and put a trusted man with the necessary funds in charge of these five, and make him responsible that none get away, and that all vote our ticket." [2] Large contributions were secured from manufacturers who enjoyed the benefits of protection. The direction of the campaign was placed in the hands of Senator Matthew S. Quay, of Pennsylvania, who was charged with laxness, if not criminal misconduct, in the offices which he had previously held, of secretary of state and state treasurer of Penn-

[1] See above, p. 57.

[2] *Civil Service Chronicle*, I., 78; *N. Y. Times*, October 31, 1888.

sylvania. On the Democratic side heavy assessments were levied, which the president was accused of countenancing by making a contribution of ten thousand dollars.[1] Although the use of money was no new thing in presidential elections, there was a general feeling at the close of the campaign that the business of corruption had been more systematized and was more demoralizing in its results than in any previous contest.

The Republicans were successful, Harrison receiving 233 electoral votes to 168 for Cleveland. The popular vote was: Harrison, 5,439,853; Cleveland, 5,540,329; Fisk, 249,506; and Streeter, of the Union Labor party, 146,935. New York again held the balance of power, giving to Harrison a plurality of 13,000 out of a total of 1,315,000 votes. As Governor Hill was re-elected on the same day, charges were freely made of trading votes to Harrison by Democrats. Whatever the truth of these charges, Cleveland did not have the united support of his party in his own state: Abram S. Hewitt, mayor of New York City, would not enter into the campaign, and it was said that other old friends of Mr. Tilden were displeased by a studied neglect of his wishes. It is also probable that independents, who were sorely tried by the insincerity of the Democratic party in its treatment of civil service reform and by the state nomination of Hill, declined to vote any part of the Democratic ticket.

[1] *Public Opinion*, V., 495.

CHAPTER IX

SOLIDIFYING THE REPUBLICAN PARTY

(1888–1892)

PRESIDENT HARRISON'S cabinet, appointed in March, 1889, with but one exception was made up of men without great national reputation:[1] Blaine was chosen for secretary of state; William Windom, of Minnesota, for secretary of the treasury; Redfield Proctor, of Vermont, for secretary of war; John W. Noble, of Missouri, for secretary of the interior; W. H. H. Miller, of Indiana—Harrison's law-partner—for attorney-general; Benjamin F. Tracy, of New York, for secretary of the navy; John Wanamaker, of Pennsylvania, for postmaster-general; and ex-Governor Rusk, of Wisconsin, for secretary of agriculture. Mr. Blaine was easily first in this group of advisers: he had held the same position under Garfield; had been a candidate for the presidency, and had with difficulty repelled enthusiastic efforts to make him a candidate a second time; and he exercised an important part in influencing the nomination of Mr. Harrison. Some feared that Mr. Blaine's dominating personality would prove irri-

[1] John Sherman, *Recollections*, 1040.

tating to Harrison, who would find it hard to keep pace with the restless and forceful activity which distinguished his brilliant secretary.[1] The tender of office by President Harrison, and its acceptance by Mr. Blaine, was made, however, in a spirit of such cordial agreement that mutual friends had reason to hope for a harmonious administration. Windom for the treasury portfolio was supposed to be a political choice; he had been a senator from Minnesota, and at the national conventions of 1880 and 1888 received support as a candidate for the presidency. He had also served in President Garfield's cabinet, and he represented the ideas of the West, tempered by financial experiences and influences of the East, where he had engaged in business since his retirement from the Senate in 1883. The appointment as postmaster-general of John Wanamaker, an energetic and successful merchant of Philadelphia, received the most criticism, for he was unknown to public service or to politics, save for an abnormally large contribution to the campaign fund which helped to elect Mr. Harrison.

Civil service reform for the time pursued an uneven course. Fervid promises were made in the Republican platform of 1888 that not only should the merit system be extended to all grades of the service to which it is applicable, but that the spirit and purpose of reform should be observed in all executive appointments. These pledges Harrison ac-

[1] Hamilton, *Blaine*, 651.

cepted: "In appointments to every grade and department, fitness and not party service should be the essential and discriminating test, and fidelity and efficiency the only sure tenure of office."[1] The new president, like his predecessor, found his intentions frustrated by the insatiable demands of office-seekers, and charges of inconsistency were the natural result. Harrison reorganized the civil service commission, bringing it back to the standard which had been set by Mr. Eaton, its first chairman; he appointed Theodore Roosevelt, who had achieved reputation as a vigorous fighter for reform measures in the New York State Assembly from 1881 to 1883, and had made a creditable campaign for the mayoralty in New York City in 1886; and for the Democratic member, accepted Thompson, previously selected by Cleveland but not hitherto confirmed by the Senate.

The merit of these selections was generally recognized, and the friends of reform were not disappointed in the earnest efforts of the commission to enforce the law so far as it affected the classified service; and in their persistent recommendations for further extension of civil service rules to departments not yet brought within their scope. Two years, however, elapsed before the president could be induced to redeem the pledges of the Republican platform of 1888 by an extension of the classified service. In 1891 further progress was made by adding a portion

[1] McPherson, *Handbook of Politics* (1890), 29.

of the Indian bureau, in 1892 the fish commission, and in 1893 the clerical force of free-delivery post-offices. Independently the merit system was adopted for laborers in navy-yards. Steps were taken to close a back-door entrance to the classified service by abolishing the rule whereby promotions could be made from the unclassified service to the classified service.[1] The regulations of the civil service commission were improved by making the eligibility list public,[2] and by securing appointment on local examination boards of men whose tenure of service was independent of the heads of the offices for which appointments were to be made.

Roosevelt put new life into the commission, and as spokesman in frequent public meetings answered with vigorous speech the critics of reform. No longer was there an air of apology; blow was given for blow. In a report on political assessments, Roosevelt asserted that much of the money contributed by office-holders was retained for private use "by the jackals who have collected it."[3] An article by Clarkson attacking the civil service commission Roosevelt characterized as "loose diatribe equally compounded of rambling declamation and misstatement."[4] Roosevelt was especially active in clearing away the falsehoods concerning the char-

[1] U. S. Civil Service Commission, *Annual Report* (1891), 3.
[2] *Ibid.* (1890), 25.
[3] *Civil Service Chronicle*, I., 97.
[4] Address at Indianapolis, May 16, 1891, in *ibid.*, I., 230.

acter of examinations.[1] So malicious had been misrepresentation that it was commonly believed that clerks for the railway mail service were asked the distance to the planet Mars or the number of rings around Saturn, intricate questions in cube and square root, and the climatic influences of interior Africa and Asia.

On the other hand, Harrison was accused of surrendering to such party bosses as Quay, of Pennsylvania, Platt, of New York, and Mahone, of Virginia; the former was believed to have used corrupt methods, and to have bound Harrison hard and fast in the dispensing of patronage; and to his dictation was attributed the selection for postmaster-general of Wanamaker. The selection of Clarkson, of Iowa, as first assistant postmaster-general aroused suspicion which was quickly justified; he earned the title of "headsman" by changing in a single year thirty thousand officials, a rate of almost one in every three minutes. Within a year and a half more than sixty-five per cent. of the twenty-six hundred officials then directly appointed by the president were changed; and of the sixty thousand fourth-class postmasters nearly one-half were displaced. Pearson, the postmaster of New York, a faithful official, originally appointed under a Republican administration and reappointed by Cleveland, was allowed to go at the expiration of his term:

[1] U. S. Civil Service Commission, *Annual Report* (1890), 17; *Harper's Weekly*, July 18, 1891.

to the Republican spoilsmen he was an outlaw, just as to the Democratic spoilsmen he had been an intruder. The naval officer of the port of New York and the collector of customs at Boston were dismissed before the end of their term, without any reasons given. The application of the merit system was denied to the census office with its twelve hundred clerks, and the superintendent of the office described himself as "waist deep in congressmen."

The wrath of the reformers was aroused. Less charitable to Harrison than to Cleveland, because of the more explicit pledges of the former, they accused the Republicans of celebrating the success of their party with a wild debauch of spoils in which their "promises and pledges were the meats and drinks which were consumed." [1] More than any president since Grant, Harrison was guilty of nepotism, a long list of his relatives by blood and by marriage receiving political preferment. Nor was the activity of office-holders in political campaigns checked: in the national convention of 1892, one hundred and forty-two of the delegates were civil servants of the government. Another criticism was that the press was subsidized as never before by the appointment of editors to public service.[2] Public sentiment was slow to change, and even so high-minded a statesman as Senator Hoar excused the president from executing policies concerning whose wisdom

[1] Curtis, *Orations and Addresses*, II., 503.
[2] See lists in *Civil Service Chronicle*, I., 141 et seq.

a majority of the people were not yet convinced.[1] The flippant words of Ingalls: "The purification of politics is an iridescent dream; the Decalogue and the Golden Rule have no place in a political campaign," [2] were received by the country at large with laughing approval.

Yet the spoils system did not go unrebuked. As it was impossible to appoint to office all the seekers, each of whom thought he had a valid right to take the place of a Democrat already in office, much ill-will was created. This dissatisfaction, together with the independent vote, helped to defeat the Republicans in the state elections in the autumn of 1889. Even in Iowa, a state whose loyalty to the Republican party had never been under suspicion, the Democrats won. Clarkson was therefore sacrificed by the administration, and there was a general demand on the part of Republican newspapers that Quay and Dudley should resign their positions in the National Republican Committee.[3] Before the end of his administration Harrison so completely broke with these bosses and campaign leaders that they opposed his renomination in 1892.

For the first time in eight years the Republicans, in 1889, came into control of the House of Representatives, but the majority was small. The election

[1] Letter of June 26, 1888, in *Civil Service Record*, August, 1888.
[2] *Civil Service Chronicle*, I., 190.
[3] Letter of H. C. Lea, to President Harrison, in *Civil Service Chronicle*, I., 112 (April, 1890).

of Thomas B. Reed, of Maine, as speaker was immediately followed by a parliamentary contest full of dramatic incident. In previous Congresses legislation had oftentimes been hampered by dilatory motions which prevented the House from reaching a vote. Although the Republicans had been equally guilty with the Democrats in engaging in the practice of filibustering, they now determined, in assuming responsibility, to put an end to this by framing rules calculated to expedite, rather than to permit the obstruction of, legislation. With the growth of the country and the development of economic life creating new and difficult problems, public business increased at a rapid rate, and it was necessary that legislation should promptly respond to public needs.[1] The clash quickly came: the Democratic members, according to former practice, though present, refused to vote, so that the yeas and nays would not show a quorum. The chair thereupon at last directed the call repeated, and, to the names of those who answered, added a few names of Democrats whom he saw before him. The quorum, thus made, proceeded to adopt a rule authorizing the speaker to count a quorum. In other words, the speaker obtained a quorum by counting members orally absent but physically present, and found a long-needed means of preventing the minority from bringing business to a stand-still.

This action excited the wrath of the Democrats,

[1] Follett, *Speaker of the House*, 187.

and for a time the "tyranny of the Czar Reed" overshadowed all other questions of public interest. The bitterness was the more intense because there was reason to believe that the rules were held back until several contested election cases were settled, for the purpose of increasing the narrow Republican majority. Many, indeed, who criticised the obstructive practices which had grown up in the House procedure, and sympathized with the movement of reform, believed that the speaker had no power of his own to set aside precedents which had governed the House for a century; and the speaker was accused of leaving the House without rules in order that he might rule it himself.[1] Excitement over this incident quickly gave way to the more serious contest over the rules which were finally reported by the committee, by which the speaker was given two powers: first, to refuse to entertain dilatory motions; and, second, to count members present in making up a quorum.

These innovations were stoutly contested by the Democrats, who exalted the sacred rights of minorities. Rules, it was said, are made "not alone to facilitate business," but "to cause the House to halt, to pause, to reflect, and in some instances to go back and inquire of the sober second thought of the people." [2] They even argued that, until a definition of a legal quorum had been passed upon by the

[1] Springfield *Republican*, February 3, 1890.
[2] *Cong. Record*, 51 Cong., 1 Sess., pt. ii., 1178.

highest court in the land, the legality of many acts enacted under the proposed procedure would be jeopardized. The Republicans did not yield, and the new rules were passed by a vote of 161 to 144.[1] Throughout Reed's term as speaker he exercised a masterful force which led to continued charges of tyranny and dictatorship. The count of members as present extended even to those in the cloak-room and barber-shop.[2] The speakership, it was said, was changed from a judicial presiding officer into a partisan agency; the business of the House being placed absolutely in the hands of the committee on rules, of which the speaker was the dominating member.

If the enactment of a large body of legislation be the test for judging parliamentary procedure, Reed's policy was a success. The fifty-first Congress made law more rapidly than any of its predecessors since the Civil War. Debate on the tariff bill of 1890 was cut short, and not even a separate vote on the reciprocity amendment adopted in the Senate was permitted in the House. This reform was accomplished, however, at the expense of good feeling. Never before had there been so boisterous a session, filled with vulgar wrangling and recrimination. The autocracy of Reed constituted one of the issues which

[1] An abstract of the debate is found in *Appleton's Annual Cyclop.* (1890), 181–191; for a discussion of the rules, see *North Am. Rev.*, CLI., 90, 237, CLII., 148; Follett, *Speaker of the House*, 194 et seq.

[2] *Cong. Record*, 51 Cong., 2 Sess., pt. iii., 2999 (February 20, 1891).

defeated the Republican party in the congressional elections of 1890. Although the Democrats endeavored to discredit the "Reed rules" when they regained control of the House in 1893, they were quickly convinced of the foolishness of a return to methods which were outgrown by modern experience. Taunted by their opponents, they found it necessary in order to pass bills to accept the reform procedure initiated by their opponents.[1]

The strength of the Republicans was increased by the admission of new states. The advancing settlement of the Northwest clamored for statehood, based partly upon the legitimate demands of population and partly upon the schemes of intriguing politicians who followed in the wake of settlement. The haste for state privileges was so eager that the people could hardly wait to observe the established rules to be followed in the organization of new states. In 1885 the people in the southern portion of Dakota held a convention to frame a constitution for a new state, to be carved out of Dakota Territory, without any reference to the people in the northern portion of the territory. The Republican Senate was willing to create the state even on these terms, and passed a bill for admission, February, 1886, the Democrats, with one exception, opposing the bill. The Democratic House did not agree, for it was believed that South Dakota, if admitted, would be Republican. The claimants, at a session of a so-

[1] Follett, *Speaker of the House*, 214.

called constitutional convention held in December, 1886, passed resolutions to the effect that if South Dakota were not admitted by Congress it would a year hence become a state without congressional sanction. As the Republican leaders in Congress counselled moderation, the question of dividing the territory was submitted to a vote of the citizens of the whole territory in November, 1887, and division was favored by a small majority.

In the meantime the claims of Washington and Montana for statehood were set forth, and discussion dragged on, session after session. In the exigencies of party strife, the true reasons which should justify the creation of four great commonwealths were lost sight of. The Republican party was strong in the two Dakotas; the Democrats hoped to succeed in Montana; Washington was in doubt. Finally, February 22, 1889, an "omnibus" bill was passed by Congress; and in November of the same year all four states were duly admitted into the Union, so that "another belt of states stretched from the Atlantic to the Pacific."[1] The census of 1890 showed that the claims of population for the two Dakotas and Washington were justified: the ratio for representation in the House, according to the current apportionment, was 151,912; North Dakota had a population of 182,719; South Dakota, 328,808; Washington, 349,390; while Montana had but 132,159. Moreover, the population of the latter was not

[1] Richardson, *Messages and Papers*, IX., 118.

so permanent as in the other states. There was reason for the charge that it was nothing but a "mining camp" and might be degraded into a second Nevada.

A more serious error was made in the admission of Idaho and Wyoming in 1890. Republican partisanship and the expectation of the added support of the "silver" interest forced the measure through the Senate; and as the House was now Republican, no obstacles were placed in the way. The exaggerated estimates of the population in the two territories were quickly belied by the census returns: Idaho had but 84,385; Wyoming, 60,705.

By the admission of six new states the membership of the Senate was increased within a single year from 76 to 88, and 19 votes were added to the electoral college. The political advantage went to the Republicans, for all the states except Montana elected Republican senators, and the Senate would not admit the two Democratic senators from that state because of election frauds. What was of more importance, this gain gave to the silverites a political strength in the Senate which practically controlled legislation on the silver question during the next few years. Wyoming, with a vote of not over twenty thousand, had as much power in the Senate as the million votes in Pennsylvania.

Utah's ambition to become a state was thwarted so long as the Mormon church recognized polygamy.[1]

[1] For earlier stages of this question, cf. Sparks, *National Development* (*Am. Nation*, XXIII.), chap. x.

In 1882 Congress passed stringent legislation taking away the suffrage, as well as the right to hold office, from any person guilty of cohabitation with an alleged plural wife. It also placed the conduct of elections in that territory under the care of a commission appointed by the president.[1] Under this act more than five hundred persons were indicted in the next five years for unlawful cohabitation, about three hundred of whom were convicted, and many fled to avoid arrest.[2] In sustaining this act the Supreme Court affirmed that the general government had the right to abridge the political rights of citizens of a territory for the purpose of developing a state founded on the modern idea of the family relation.[3] Public opinion did not stop here, and the Edmunds-Tucker act of March 3, 1887, authorized the Federal government to seize and administer the property of the corporation of the Church of Jesus Christ of Latter-Day Saints.[4] Harsh as was this measure, which might be used as a precedent for confiscation of other church property, it passed by large majorities.

This determined action had its effect, and in July, 1887, the citizens of Utah framed a constitution in which penalties were prescribed for polygamy. In addition, it was provided that the constitution

[1] *U. S. Statutes*, 47 Cong., 1 Sess., chap. xlvii.
[2] See Commission on Affairs in Utah, *Report* (1887).
[3] Mormon Church *vs.* United States, 136 U. S., 1.
[4] *U. S. Statutes*, 49 Cong., 2 Sess., chap. cccxcvii., § 17.

should not be changed by any subsequent act of the state without the consent of Congress. The public at large was slow to be convinced of the sincerity of the Mormons; there was a suspicion that, as soon as Utah was admitted as a separate state, officers would be elected who would ignore the law. As it was plainly unconstitutional for a state to bind itself in advance by a proviso requiring congressional sanction, for all states as sovereign units must stand on a basis of equality, the action of the framers was regarded as hypocrisy.[1] Opponents cited the missionary activity of the Mormon church, which, in the very year of the constitutional convention, at its semiannual conference denounced the enforcement of the law against polygamy and termed it persecution. This perverse position, however, was speedily abandoned, and in 1890, Woodruff, the president of the Church of the Latter-Day Saints, declared that, inasmuch as laws had been enacted by Congress forbidding plural marriages, and as these laws had been declared constitutional, he intended to submit to them, and to use all his influence with the members of his church to persuade them to follow his example.[2] This statement was speedily indorsed at a general conference of the church, October 6. In the same year the

[1] Speech of Edmunds, December 20, 1887, in *Cong. Record*, 50 Cong., 1 Sess., pt. i., 119; see also Dawes, in *Forum*, IV., 472 (January, 1888).

[2] *Appleton's Annual Cyclop.* (1891), 854; also Harrison, in Richardson, *Messages and Papers*, IX., 118.

Gentiles won in the local elections in Salt Lake City.

For two years longer the sincerity of the Mormons was put to the test.[1] Finally convinced that the Mormons would abide by the law, President Harrison on January 4, 1893, issued a proclamation granting amnesty to all persons liable to the penalties of the act of 1882 who, since November 1, 1890, had abstained from unlawful cohabitation.[2] Congress also, in the same year, restored the escheated funds to the church. With polygamy thus put under the ban, Utah had better claims to become a state, and she was admitted in 1895. For a time it was feared that the Mormons would become firmly established in Idaho. In 1887 a seventh of the whole number of voters in that territory were Mormons, and by the state constitution submitted in 1890 these were disfranchised. For the first time in the history of the United States what appeared to be a religious test was introduced into a state constitution. The Supreme Court, however, declared that the first amendment to the Constitution of the United States, which safeguarded the rights of private judgment in all matters of religion, was never intended to prevent legislation for the punishment of acts inimical to the peace, good order, and morals of society.[3]

[1] Charles S. Zane, chief-justice of Utah, in *Forum*, XII., 368.
[2] Richardson, *Messages and Papers*, IX., 368.
[3] Davis *vs.* Beason, 133 U. S., 333.

CHAPTER X

THE NEGRO VOTE

(1890)

THE Republicans also hoped to increase their political power by protecting the negro in the exercise of his privilege to vote, or by reducing the representation of the South in the House of Representatives and the electoral college, in so far as the negroes were in practice disfranchised. Ever since the reconstruction policy was abandoned, in 1877,[1] there had been a "solid south." In 1880 there were but three Republican members in the House of Representatives from the eleven states which once belonged to the Confederacy; in 1885 there were six, and in 1890 thirteen. In most of the southern states the negro, for various reasons, did not vote: ignorance and inertia kept many from the polls; deceit and dishonesty of Republican leaders disgusted others. The negroes had often been used as tools of scheming white politicians who sought their support for personal and selfish ends. Failing to receive the promised forty acres and a mule,[2] they lost interest

[1] Sparks, *National Development* (*Am. Nation*, XXIII.), chap. vi.

[2] Cf. Dunning, *Reconstruction* (*Am. Nation*, XXII.), chaps. iv., vii.

in politics.[1] More than all deterrents was the fear of the revival of the Ku-Klux and the shot-gun policy of the past. As long as the Republicans could win the presidency there was a general disposition to let the South work out the problem of negro suffrage in its own way. And for many years the Republicans of other sections practically withdrew from all participation in southern campaigns: Senator Sherman's speech at Nashville, in 1887, was said to be the first address on national politics ever spoken by a Republican of national reputation to a southern audience.[2] The white population of the South honestly believed that political activity and privilege was bad for the colored race. The negroes, it was thought, were so ignorant that, as in the earlier days of reconstruction, if given the opportunity, shrewd and unscrupulous black leaders or white adventurers would fill the offices. The inferiority of the negro was still held to be a demonstrated fact; it was useless to reason in the abstract when a concrete problem was at hand.

The success of the Democrats in 1884 awoke a renewal of Republican demands that the negro be allowed to vote. By the suppression of this vote it was estimated that the Democrats held twenty-four seats in Congress and cast thirty-eight votes in the electoral college to which they were not entitled. Before the Civil War a slave was reckoned

[1] *Atlanta Constitution*, October 13, 1888.
[2] John Sherman, *Recollections*, 980.

as but three-fifths of a man in securing representation in Congress and in the electoral college; now the old slaves were counted on the same basis as the whites, though politically they were as barred from the free expression of opinion as when they were chattels.[1] Senator Evarts declared that the "South remained in heart, substance, and purpose" what it was in 1860.[2] Senator Sherman compared the "strange turn of events," by which political power was intrusted to men who had formerly conspired against the government, to the restoration of Charles II.; and held it, like that restoration, "a reproach to the civilization of the age."[3] Blaine charged that the South was in power, not by law, but by the outrage of law.

Stalwart Republicans were angered by the appointment of ex-Confederates to office, by votes of southern congressmen against pension bills, and at seeing the Confederate brigadiers once more "in the saddle." Republicans found evidence of an offensive partiality to the South when President Cleveland signed a bill giving a pension to every man who had served in the Mexican War, and within twelve days refused to approve the dependent pension bill; for nearly all the beneficiaries of the former lived in the southern states, while the latter were northerners. It was angrily asserted that Cleve-

[1] McKinley, *Speeches*, 172.
[2] *N. Y. Tribune*, February 14, 1885.
[3] John Sherman, *Recollections*, 926.

land was opposed, not to the principle of indiscriminate pensions, but to pensions for Union veterans. Sectional distrust was once more introduced into political discussion. The bitterness of the North was again awakened by the glorification of the "lost cause" by Jefferson Davis at the laying of the corner-stone of the Confederate monument at Montgomery, in April, 1886.[1] Davis seized the opportunity to extol the independent state that was to have been based upon human slavery, and to idealize the rebellion as one of the loftiest and holiest purposes that ever actuated man.

Northern rancor reached its height when Cleveland, in 1887, at the suggestion of the adjutant-general of the army, ordered the return to their respective states of the battle-flags which were stored in the war department,[2] including flags formerly belonging to northern regiments, and also flags captured from Confederate forces. To return all, Union and Confederate alike, was held to be a "graceful act,"[3] a proposition to which the president gave consent; but the act called forth the most violent vituperation. Sherman declared it was a "recognition of a lost cause."[4] General Fairchild, commander of the Grand Army of the Republic, called for the vengeance of Heaven upon the man

[1] *Public Opinion*, I., 61.
[2] Richardson, *Messages and Papers*, VIII., 578.
[3] R. C. Drum to secretary of war, April 30, 1887, *ibid.*, 578.
[4] See also *Sherman Letters*, 375.

who had signed the order.[1] Astonished by the uproar, President Cleveland revoked the order on the ground that it was not authorized by existing law nor justified as an executive act.[2]

During Cleveland's presidency it was, of course, impossible to pass any Federal law which would further limit state control of elections.[3] There was, however, a growing determination on the part of many Republicans that, as soon as they regained power, they would give the negroes another opportunity to cast their ballots, even if further Federal supervision were necessary. In the election of 1888 the average vote cast for a member of Congress in five southern states was less than eight thousand; in five northern states, over thirty-six thousand. Kansas, which cast three times the vote of South Carolina, had only the same number of Congressmen. The northerners who had fought for the Union passionately urged that the United States guaranteed to each state a Republican form of government, and demanded that this guarantee be fulfilled. The negro voter had been true to the Republican party, but the party had not been true to him.[4] The right of the negro to vote must be admitted; the ballots he casts must be honestly counted: "This is the starting point and this is the

[1] *Public Opinion*, III., 229 et seq.
[2] Richardson, *Messages and Papers*, VIII., 579.
[3] Sparks, *National Development* (*Am. Nation*, XXIII.), chap. viii.
[4] *Independent*, July 10, 1890.

goal; stack your guns, open your ballot boxes, register your voters, black and white." [1] If the negro was to be disfranchised, the representation of the South should be proportionately reduced: "Is the white man in the South," asked Speaker Reed, "alone of mortals, to eat his cake and have it too?" [2]

Senator Hoar, of Massachusetts, prepared a measure providing for holding separate registration and election of members to Congress under national authority. To meet an objection that the expense would be too great, it was then proposed that Federal officials representing both parties be present at registration and election, who should report in regard to the legality of casting and counting the vote. The Senate laid this proposition aside on the suggestion that a measure concerned with the election of members of the House should properly originate in that body. In 1890 Representative Lodge introduced a bill providing that, upon the petition of five hundred voters in any local district, Federal officials representing both parties should be appointed upon election boards. The supervisors were not only to be given duties of inspection and verification, but also power to pass on qualifications of challenged voters, and to receive ballots which were refused by local officials, and to place them in the ballot-box.[3] On its face the bill was unpartisan and non-sectional;

[1] Ingalls, in *Cong. Record*, 51 Cong., 1 Sess., pt. i., 807.
[2] *North Am. Rev.*, CL., 674.
[3] McPherson, *Handbook of Politics* (1890), 207.

it applied to the North and West as well as to the South,[1] and its most important provisions were borrowed from the English election law of 1868.[2]

The practical defects of the measure, fair as it seemed in its intent, soon became apparent. Southerners frankly admitted that in some states the negro was terrorized and that his vote was stolen or suppressed; they were equally frank in stating that under no conditions would they submit to negro rule at the polls. Federal control or no control, they would find a way of maintaining the white supremacy which they had enjoyed during the previous ten years. As one southerner put it, "The white people of South Carolina would either rule that state or leave it." [3] With this conviction so strong, was it wise to introduce a brand of discord? The bill would simply aggravate existing evils; bad conditions would be made worse; colored men would be instigated to sign the petition for Federal intervention; and at the outset of a political contest distrust and bad blood would be generated. In many counties in some of the southern states there were not half a dozen white Republicans, and in some townships not a single one; negroes, therefore, would have to be appointed supervisors.[4] The negro petitioners would be ostracized and boycotted, and, if working

[1] *N. Y. Times*, March 17, 1890.
[2] Hoar, *Autobiography*, II., 154.
[3] *Cong. Record*, 51 Cong., 1 Sess., pt. vii., 6553. [4] *Ibid.*, 6690.

for Democrats, would be discharged from employment. Republicans were also accused of endeavoring to build up a Federal machine, in which politics was to be corrupted by an increase of power of party managers in local affairs, thus taking a dangerous step towards centralization.[1] Troops would be needed to support the supervisors, and this would lead to bloodshed and riot. The bill, moreover, was declared to be unconstitutional, in violation of the clause of the Constitution declaring that representatives shall have the qualifications requisite for electors of the most numerous branch of the state legislature.[2]

In derision the Democrats dubbed the measure "The force bill." A more radical element in the South served notice that if the bill passed there would be an organized movement to boycott the products of the North.[3] Nine southern states threatened not to be represented at the World's Fair of 1893. A more subtle force began to work in opposition to the bill. Since 1880 a large amount of northern capital had been invested in the South, and industrial ties between the several sections of the country were growing closer and closer. As the opposition of the South became more potent, and was seen to represent non-political influences, northern

[1] *Harper's Weekly*, July 12, 1890.

[2] U. S. Constitution, art. i., sec. ii.; see Tucker, in *Cong. Record*, 51 Cong., 1 Sess., pt. vii., 6560.

[3] *Atlanta Constitution*, July 20, 1890.

commercial interests were awakened to the danger of extreme action. Although the "force bill" passed the House, July 2, 1890, it died a lingering death in the Senate. Even Senator Hoar now entertained doubts of its expediency, because "it would drive back into the Democratic party many men who were afraid of negro domination; who looked with great dislike to the assertion of national power over elections, and whom other considerations would induce to act with the Republicans."[1]

The senators from Pennsylvania—Quay and Cameron—on the basis of political and commercial expediency, favored, in August, a postponement of the consideration of the measure, and this was the beginning of the end. Outside of the mere partisan element in the Republican party and the veterans, whose suspicions and animosities were not to be quieted, public interest in the bill died out, and in the Republican state conventions in 1890, in Michigan, Wisconsin, and Nebraska, no reference to the election bill was made in the party platforms. The new congressional apportionment on the basis of the census of 1890, and the admission of the six new northwestern states, reduced the power of the South. In January, 1891, eight Republican senators—Teller and Wolcott, of Colorado; Washburn, of Minnesota; Stewart and Jones, of Nevada; M'Connell and Shoup, of Idaho, and Stanford, of California — who were

[1] Hoar, *Autobiography*, II., 154.

intent on securing support for a silver bill and were willing to pay the price, united with the Democrats in setting the measure aside.[1]

The southerners were not blind to the evils of living outside the law in the matter of elections. They recognized that violation of this principle promoted other forms of lawlessness, and they "felt the sting of the North in the continued charge of forcible administration in the South of the ballot boxes."[2] Gradually movements were set on foot in the southern states to change the conditions of the franchise. These efforts were hastened by the fear of the passage of a Federal election law, and also by the growth of the Populist party in the South, which tended to divide the white vote, and might possibly give to a comparatively small negro vote the balance of power. The lead was taken by Mississippi, which in 1890 framed a new constitution, in which the right to vote was made dependent upon the payment of a poll-tax and ability to read or understand the constitution.[3] Of the 147,000 negroes above the age of twenty-one, but 37,000 could read and write, and but few of these cared to submit themselves to the educational test or to pay the poll-tax; only 8615 were registered under the new law. For the first time since 1865 the whites of that state were legally in the majority. In South Carolina a restriction of

[1] *Cong. Record*, 51 Cong., 2 Sess., pt. i., 912.

[2] Letter of ex-Governor Alcorn, in *Nation*, LI., 183 (September 4, 1890).

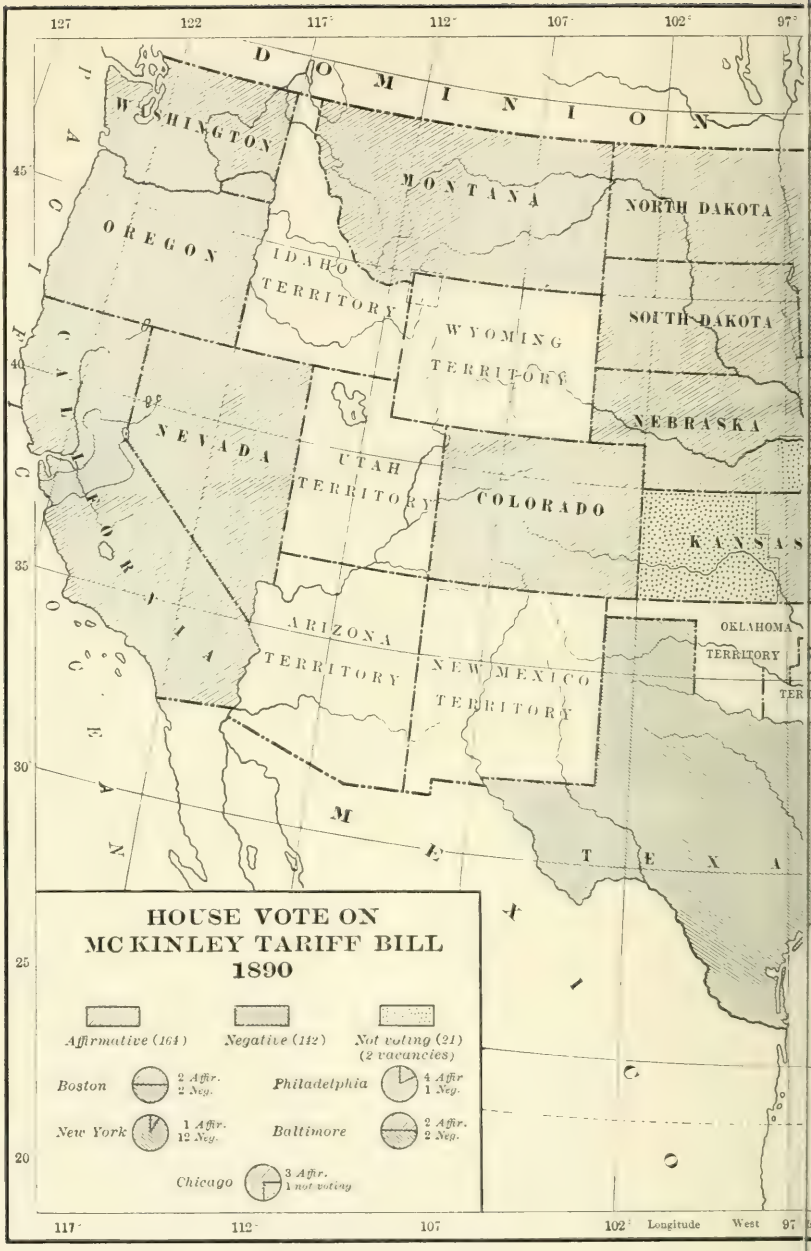
[3] *Appleton's Annual Cyclop.* (1890), 560.

the suffrage was enacted in 1895, when the purpose of the constitutional limitations to bar out the larger number of the negroes from the franchise was explained in the frankest language. In the call for the convention, Governor Tillman declared: "Constitution or no constitution, law or no law, court or no court, the intelligent white men of South Carolina intend to govern here." [1] This was done by incorporating into the constitution the "understanding" clause of Mississippi.

In order to make the disfranchisement of the negroes more certain without disqualifying white persons, Louisiana, in a revision of her constitution in 1898, resorted to an elaborate system of options. Illiterate voters were excluded, but not if they owned and paid taxes upon property assessed at a value of not less than three hundred dollars; nor if they were entitled to vote on January 1, 1867, or at any prior date; or were sons or grandsons of any person who enjoyed the franchise at that date.[2] This latter section of the constitution was popularly known as the "grandfather" clause. Under these and other limitations the number of registered colored voters in Louisiana was reduced from one hundred and twenty-seven thousand in 1896, to fifty-three hundred in 1900. North Carolina adopted constitutional restrictions in 1900, Alabama and Mary-

[1] *Appleton's Annual Cyclop.* (1895), 705; *Nation*, LXI., 302 (October 31, 1895).

[2] Haynes, in *Pol. Sci. Quart.*, XIII., 504.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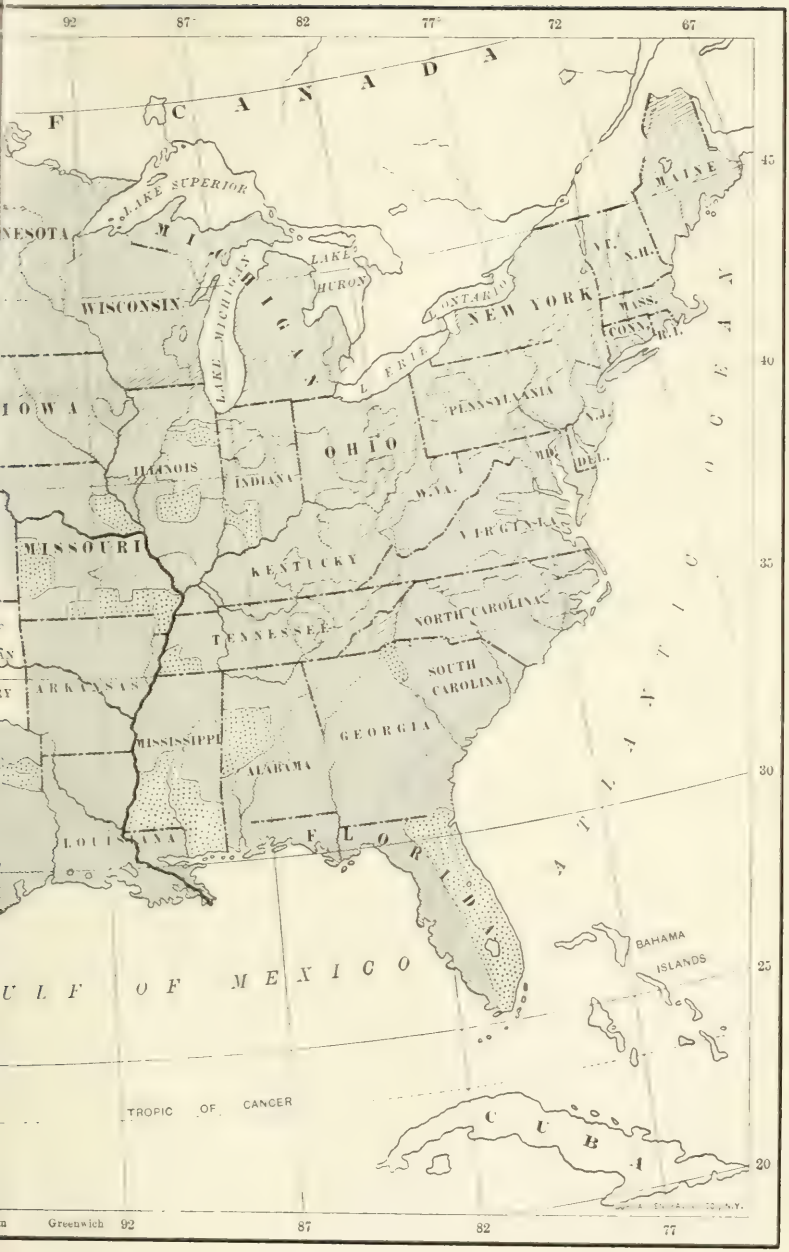
DOMINION
WASHINGTON
MONTANA
NORTH DAKOTA
OREGON
IDAHO TERRITORY
WYOMING TERRITORY
SOUTH DAKOTA
NEBRASKA
NEVADA
UTAH TERRITORY
COLORADO
KANSAS
ARIZONA TERRITORY
NEW MEXICO TERRITORY
OKLAHOMA TERRITORY
TEXAS
HOUSE VOTE ON MCKINLEY TARIFF BILL 1890
Affirmative (164)
Negative (142)
Not voting (21) (2 vacancies)
Boston
2 Affir. 2 Neg.
Philadelphia
4 Affir 1 Neg.
New York
1 Affir. 12 Neg.
Baltimore
2 Affir. 2 Neg.
Chicago
3 Affir. 1 not voting
117
112
107
102
Longitude West
97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LAKE HURON
LAKE ONTARIO
LAKE ERIE
NEW YORK
MAINE
VT.
N.H.
MASS.
CONN.
R.I.
IOWA
ILLINOIS
INDIANA
OHIO
PENNSYLVANIA
N.J.
MD.
DEL.
W.VA.
VIRGINIA
MISSOURI
KENTUCKY
NORTH CAROLINA
TENNESSEE
SOUTH CAROLINA
ARKANSAS
MISSISSIPPI
GEORGIA
ALABAMA
LOUISIANA
FLORIDA
ATLANTIC OCEAN
GULF OF MEXICO
BAHAMA ISLANDS
CUBA
TROPIC OF CANCER
Greenwich
92
87
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land in 1901, and Virginia in the following year. Alabama added to other qualifications the requirement of good moral character.[1]

[1] For summary of qualifications, see Hart, *Realities of Negro Suffrage*, in Am. Pol. Sci. Assoc., *Proceedings* (1905), 149–165; A. E. McKinley, in *Pol. Sci. Quart.*, XVIII., 480.

CHAPTER XI

McKINLEY TARIFF AND BILLION-DOLLAR CONGRESS

(1889–1893)

AS soon as the Republican party was in possession of all branches of the government, it promptly began the work of framing a new tariff. The House committee on ways and means, of which William McKinley, of Ohio, was chairman, took over the Senate bill prepared in the previous session and used it as a basis. The avowed purpose of the majority was to perfect the system of protection. There was no secrecy in their methods; public hearings were held and special interests were conciliated in order to win support. Recent discussion on the tariff had shown that farmers in the central western states were becoming dissatisfied with a policy of protection in which the manufacturer got the lion's share. To harmonize the system, in accordance with the advice of President Harrison that the protective principle be applied to the products of farms as well as of shops,[1] duties on agricultural products were increased; thus the duty on barley was raised from

[1] Richardson, *Messages and Papers*, IX., 39.

10 to 30 cents a bushel; on butter, from 4 to 6 cents a pound; on hams and bacon, from 2 to 5 cents a pound; on potatoes, from 15 to 25 cents a bushel; and on eggs, which were previously free of duty, a duty of 5 cents a dozen was placed.[1] In order to reduce the revenue so as to relieve the troublesome problem of a surplus, protection on some commodities was extended to the point of practically excluding foreign importations. Especially important was the increase of duties on the better grades of woollen cloths, dress-goods, ready-made clothing, carpets, linen goods, and tin-plate.[2] On the other hand, the free list was extended to include commodities which did not compete with domestic production. Of special importance was the removal of the duty on raw sugar, a tax which had produced since 1884 an annual revenue of more than fifty million dollars. The bill also recognized the principles of reciprocity and bounties.

Over reciprocity there was a long and exciting struggle. In October, 1889, before Congress met, a conference was held in Washington of representatives of nineteen independent nations of the western hemisphere. This Pan-American Congress was first proposed by Mr. Blaine, during his former term as secretary of state,[3] but the project had been allowed

[1] Stanwood, *Am. Tariff Controversies*, II., 65; Taussig, *Tariff Hist. of the U. S.*, 274.

[2] For details, see *ibid.*, 256.

[3] See Sparks, *National Development* (*Am. Nation*, XXIII.), chap. xiii.

to lapse until the last year of Cleveland's administration. When it finally convened, Mr. Blaine was again in office to give it welcome. The chief points of consideration were methods of communication between South and North American ports; the establishment of a uniform system of weights and measures; the possible adoption of a common silver coin; and a plan for arbitrating all questions of dispute that might arise between the nations forming the conference. The principle of extending trade through reciprocal arrangement received a decided impulse through this conference, and interest was further stimulated by Blaine, who was heartily committed to the doctrine of reciprocity. He did not succeed, however, in persuading the House to incorporate the principle into the McKinley bill, for the high protectionists regarded with suspicion any plan which pointed towards freedom of trade in products in which the United States were greatly interested. South America was an agricultural country, and there was fear that it might easily compete with the western farmer. If reciprocity arrangements were made with Central and South America, opponents of commercial freedom held that it would be necessary to admit wool, hides, lead and copper ores free of duty or at low rates.

Mr. Blaine carried the fight to the Senate. His plan, in brief, was that the United States should retain certain duties until concessions were made by exporting countries. Sugar, for example, might be

used as a wedge to force open the Cuban and other southern markets for the breadstuffs and provisions of American farmers. "There is not a section or line in the entire bill," he wrote while the measure was before the Senate, "that will open the market for another bushel of wheat or another barrel of pork." [1] Eighty-seven per cent. of the products of the Latin-American nations were already admitted free; if sugar were placed on the free list, practically every important article exported from these states, with the exception of wool, would be given untaxed access to our markets.[2] Instead of paying with money for the sugar annually consumed in the United States, Blaine wished to make a reciprocal arrangement by which a large part of this cost would be paid for in "pork, beef, flour, lumber, salt, iron, shoes, calico, furniture, and a thousand other things." [3]

These proposals were favorably received by Republicans at large. Although protection had been indorsed in the elections of 1888, fear was expressed that the Republican leaders in Congress were carrying the principle much too far. There was danger of a reaction which might lead to the overthrow of the whole system. Blaine, who could not be charged with disloyalty to protection, held that the placing of a duty on hides was "a slap in the face to the

[1] Letter to Senator Frye, July 11, 1890, in Stanwood, *Am. Tariff Controversies*, II., 278; Hamilton, *Blaine*, 686.

[2] Harrison, in Richardson, *Messages and Papers*, IX., 74.

[3] Second letter to Frye, July 26, 1890, Stanwood, *Am. Tariff Controversies*, II., 279.

South Americans. . . . Such movements as these for protection will protect the Republican party into a speedy retirement." [1] Friends of subsidy measures were also attracted to the support of reciprocity. Of what use would be the establishment of steamship companies to ply between the United States and South American ports unless there were products to be carried?

Reciprocity prevailed, although the Aldrich amendment which incorporated it into the bill differed slightly from the proposition made by Blaine.[2] Instead of permitting the president to reduce duties if reciprocal privileges were granted, the executive was authorized to impose discriminating duties in case reciprocity was withheld. In this way it was urged immediate advantage of free sugar would be secured.[3] Such constitutional lawyers on the Republican side as Evarts, Edmunds, and Hoar questioned the constitutionality of placing large discretionary powers of taxation in the hands of the executive; but this position was overridden by a majority of the party.[4] It was argued that the exercise of an optional power in executing the law did not convert the executive into a law-maker. As a compensation to Louisiana planters for the removal of duty on sugar, a bounty of ten cents a

[1] Letter to McKinley, April 10, 1890, in Hamilton, *Blaine*, 683.

[2] Dingley, *Nelson Dingley, Jr.*, 330.

[3] See "A Glance at Mr. Blaine's Commercial Policy," in *Review of Reviews*, V., 546.

[4] Spooner, in *Cong. Record*, 51 Cong., 1 Sess., pt. x., 9879.

pound was given to domestic producers, a policy which called for annual payments of about ten million dollars.

In spite of strenuous efforts of the House leaders to secure an early passage of the tariff bill, its consideration dragged over some five months, delaying its final enactment until October 1, 1890, thirty days before the congressional elections of 1890. Although thirty Republican members opposed the bill at various stages, all but one were whipped into line. Further protection was secured by the enactment of a customs administrative law, by which new safeguards against undervaluation were established; litigation was also reduced by making the decisions of the board of general appraisers as to valuation final and conclusive.

The tariff had hardly passed before the prices of retail commodities were generally raised, partly because of necessary readjustments in trade, partly from the increased cost of production, and partly because of a concerted scheme on the part of merchants and tradesmen to secure an exceptional temporary profit. So general were the advances in price, and so loudly were they advertised, that Republicans were immediately put upon the defence. Democratic speakers enlarged upon the new burdens placed upon the laboring man: his coal, his wife's and children's dresses, blankets, carpets, table and kitchen ware were dearer; fresh fish, formerly free, were made to pay a cent a pound; every cabbage

cost three cents extra; the duties on oranges and lemons were trebled. The duty on tin-plate, which was raised from one to two and a half cents a pound, was made an excuse for an immediate raising of the prices of all canned goods.[1] Buyers were besought by striking placards displayed in the windows of shops to purchase before the McKinley prices went into effect.

Republican discussion as to prices was contradictory. According to the older and traditional argument, manufacturers behind the bulwarks of protection were enabled to introduce improvements and processes which lowered the cost of production, and ultimately led to lower prices. Beginning with the campaign of 1888, a new position was taken: prices might be too low. Said McKinley, "I do not prize the word cheap. It is not a word of hope; it is not a word of comfort; it is not a word of cheer; it is not a word of inspiration! It is the badge of poverty; it is the signal of distress. . . . Cheap merchandise means cheap men and cheap men mean a cheap country; and that is not the kind of government our fathers followed, and it is not the kind their sons mean to maintain." [2] On the other hand, strenuous efforts were made to show that the new tariff was not alone responsible for the higher prices: short crops must be considered, and business had so

[1] Stanwood, *Am. Tariff Controversies*, II., 291.

[2] October 5, 1889, McKinley, *Speeches*, 376; also address, February 12, 1891, *ibid.*, 489.

improved under the stimulus of the new legislation that there was a greater demand for goods than could be satisfied at the old level.

The Republicans were unable to withstand the fierce attacks made by the Democrats, backed up by patent illustrations of the increased cost of living. There was no opportunity for the tariff to work out its normal results before the people were called upon to express their opinion at the polls. The usual mid-administration reaction also set in, and dissatisfaction with the lavish appropriations and the rules forced upon the House by Reed. The Democrats won the congressional elections by an enormous majority, returning to the House two hundred and thirty-five members, as compared with eighty-eight Republicans; for a second time since 1874 a Republican Congress was overwhelmed "by a tidal wave of popular anger." In the middle western states the victory amounted to a political revolution: Indiana, Illinois, Iowa, Minnesota, Kansas, and Nebraska elected forty-four Democrats and Independents, and fifteen Republicans, in place of forty-four Republicans and eighteen Democrats in 1888. The Democrats gained a majority even in New England.

The new Congress, however, could not express its opinion in a constructive way until it was organized, in December, 1891. Charles F. Crisp, of Georgia, who was then elected speaker, gave a pledge to take no step backward in tariff reform, but his action in selecting William M. Springer, of Illinois, instead of

Roger Q. Mills, of Texas, for chairman of the committee on ways and means, gave question as to the depth of his convictions. Mills was known to be in favor of a general tariff measure; Springer advocated the passage of separate bills attacking the weakest points in the McKinley tariff, and thus breaking it down by degrees. April 7, 1892, the House voted, 194 to 60, to place wool on the free list and to reduce the duties on woollen goods; other so-called "popgun" bills were passed to admit, free of duty, bagging for cotton as well as machinery for manufacturing bagging, cotton ties, and cotton-gins. The House also voted to reduce the duties on tin-plate and lead-ore, and to place binding-twine on the free list. As the Republicans controlled the Senate, these votes could only be taken as an indication of the prospective policy of the Democrats if they should again obtain full power.

The tariff act of 1890 fulfilled all the intentions of its framers in reducing revenue. Customs receipts fell from $854,000,000, in the four fiscal years, 1885–1889, to $830,000,000 in 1889–1893. Expenditures, however, including the interest on the public debt, increased from $1,052,000,000 to $1,382,000,000. The increase of internal revenue from $491,000,000 to $603,000,000, or over $150,000,000 a year, helped to make good some of this deficiency, but the treasury was being pushed nearer and nearer to the danger-line. In 1892 the excess of revenue over expenditures was only $10,000,000, and in 1893 but $2,000,000.

The principal cause for the increase of expenditures was the passage of the dependent pension bill, for Cleveland's veto did not check the agitation for service pensions.[1] The Republican platform of 1888 denounced the president for his "hostile spirit," and gave the issue a prominent part in the subsequent campaign. In order to emphasize this sympathy, the president of the Service Pension Association, General A. P. Hovey, was elected governor of Indiana. The Republicans, with an approving executive, had no difficulty in carrying out their promises, by a statute of June 27, 1890: soldiers who had served ninety days during the rebellion were entitled to a pension of from six to twelve dollars a month according "to the degree of inability to earn a support"; widows of soldiers were also granted pensions without proving that the soldier's death was the result of army service, provided they were dependent upon daily labor for support; and allowances were made for children under the age of sixteen. For the first time pensions were granted in cases where disability was not due to military service. Under this act the total number of applications filed rose from thirty-six thousand in 1889, to three hundred and sixty-three thousand in 1891. Of the pensioners on the roll in 1893, more than one-half were added after the inauguration of President Harrison in 1889.[2]

[1] Bullock, in *Pol. Sci. Quart.*, XVIII., 103.
[2] *Statistical Abstract of the U. S.* (1905), 603.

The act bore heavily upon the treasury; in 1893 it cost $68,000,000, and in 1899 $64,000,000, in addition to the expenditures under previous invalid and other pension laws. The statutes were interpreted in a most liberal spirit. Before election, Harrison said that it "was no time to be weighing the claims of old soldiers with apothecary's scales."[1] "Corporal" Tanner who was appointed commissioner of pensions, threw himself into the work of granting claims with a joyful energy which soon made the pension office the central point of administrative activity. There were rumors of Tanner's boast that, now he had the power, "God help the surplus revenue."[2] After six months Tanner was got rid of, but it was impossible to undo the mischief: the total expenditure for pensions rose from $88,000,000 in 1889, to $159,000,000 in 1893, and in no year up to 1906 have they fallen below $138,000,000. This is more than has been expended in any one year for the navy since the establishment of the government, and more for any one year than for the army, except during the five years of the Civil War and the year of the Spanish War.

The development of the navy was responsible for a part of the increase in expenditures. During President Arthur's administration, Congress was aroused to the fact that its navy was composed of nothing but old wooden vessels which were rapidly

[1] *Indianapolis Journal*, April 20, 1889.
[2] *Nation*, XLVIII., 459 (May 30, 1889).

rotting away. Of thirty-seven cruising war-vessels, only four, with less than fourteen hundred tons displacement, had iron hulls. All the vessels were of low speed, with inferior engines; the few armored vessels built twenty years before had no speed, and were for the most part laid up. The ordnance was insufficient; there was not one modern high-power gun in the navy.[1] Spurred on by a vigorous report by a naval advisory board, Congress in 1883 passed an act providing for the construction of two steel cruisers.[2] From that time on the building of new war-ships was authorized by each Congress, and, in the work of rehabilitation of the naval force, Democrats and Republicans alike gave support.

It was an arduous undertaking, for new industries had to be established for the making of armor and guns. Under Secretary Whitney's active interest, contracts were made with the Bethlehem Iron Company, in Pennsylvania, for the manufacture of steel armor. The government also reorganized its factories for the making of guns.[3] The results of this new policy did not show themselves in any marked way until Harrison's administration; expenditures for the navy increased from $17,000,000 in 1888, to $21,000,000 in 1889, and by 1893 they were $30,000,000. The number of modern steel vessels in

[1] Report of Secretary Whitney, *House Exec. Docs.*, 49 Cong., 1 Sess., pt. iii., p. xxxiii.

[2] *U. S. Statutes*, 47 Cong., 2 Sess., chap. xcvii.

[3] Long, *New Am. Navy*, I., 47.

commission increased from three in 1889, to twenty-two in 1893, and the United States advanced from twelfth to fifth place as a naval power. The work of improving the sea-coast defences and fortifications was also begun during this period.[1] The Republicans also revived the proposition to refund the direct tax to the states, and by the act of March 2, 1891, made away with $15,000,000 of the surplus.[2]

As the Republicans were frank in their advocacy of the principle of protection, they were also open in their support of appropriations, a generosity of which the Democrats endeavored to make capital. They accused the Republicans of wastefulness, and excited popular prejudice by calling the fifty-first Congress the "billion-dollar" Congress. To this Representative Reed replied that the United States was a billion-dollar country. In January, 1892, Representative Holman, a Democrat, proposed a resolution providing that no money should be appropriated except such as is necessary to carry on the departments frugally, efficiently, and honestly. Dingley, of Maine, introduced a counter-resolution declaring that the functions of the nation and the duties of Congress extended to appropriations for objects of national importance, for the benefit of the country, and such as are not likely to be secured by private enterprise.[3] As a matter of fact, the per

[1] H. A. Herbert, in *Forum*, XXIV., 1.

[2] *U. S. Statutes*, 51 Cong., 2 Sess., chap. ccccxcvi; see above, p. 81.

[3] *Cong. Record*, 52 Cong., 1 Sess., pt. i., 316.

capita expenditures of the government, except for pensions, did not greatly increase. In 1880 the per capita ratio was $5.34, and in 1891 $5.73; of these amounts pensions were responsible for $1.14 and $1.95 at the two respective dates. Population was increasing, and the growing consciousness of national power and responsibilities necessarily created a higher standard of expenditure. The Democrats themselves, when in control of the fifty-second Congress, exceeded the appropriations of the Republicans. They made ingenious explanations that the government had been committed to disbursements which they could not disown, but results showed that there was little ground for their previous charges of Republican profligacy.

CHAPTER XII

TRUSTS

(1882–1897)

AMERICAN genius and enterprise displayed itself not only in ceaseless activity, invention, and the rapid development of agencies of transportation, but also in forms of commercial organization. After the depression of 1873, corporations began to take the place of individual or partnership undertakings. The size of the industrial establishment was enlarged, and in many instances an increased output was made by a smaller number of mills and factories. In 1880 there were 1990 woollen-mills; in 1890 but 1311; the number of iron and steel mills decreased by a third, but yielded a product nearly one-half greater. The number of establishments engaged in the manufacture of agricultural implements fell from 1943 in 1880, to 910 in 1890, although the capital was more than doubled. In the leather industry, three-fourths of the establishments disappeared in ten years, but the volume of the product was increased five times. Many economies could be introduced under large-scale production: economy of material in the disposal of waste prod-

ucts, economy of machinery in the use of specialized tools, and economy of skill in the use of experience and training. Large-scale production of great companies led to a more reckless and intense competition, which in turn caused overproduction and waste, and intensified the shock of industrial warfare.

In order to secure relief, efforts were made to establish agreements between rivals both as to price and output. The logical goal was the establishment of one general management for each branch of business; if this could not be brought about, the common action of a few great concerns working in harmony. The carrying-out of this principle was first illustrated in transportation, by the consolidation of railroads into large systems; afterwards manufacturing industry tended to obey the same law. The movement was most marked in the manufacture of bulky commodities of a standard uniform quality, where freight charges constituted a large part of the ultimate cost to the consumer, as in the production of petroleum, sugar, and salt. Favorable contracts with railroads gave certain establishments a great advantage over weaker competitors, and proved to be an important factor in promoting consolidation.

This principle of concentration was well illustrated by the acquisition and control of anthracite coal-mines in Pennsylvania by railroads. By 1888 seven coal-carrying railroads, which were at the same time

coal-miners, owned or controlled nearly all of the anthracite in the United States.[1]

Another striking example of industrial combination is seen in the career of the Standard Oil Company. About 1879 a small group of men interested in the oil industry owned stock in various companies in Cleveland, Pittsburg, Oil City, Philadelphia, New York, and other cities. This common ownership made it easily possible to secure agreements as to policy between the officers of the respective companies. The tie, however, was not strong enough, and a new form of organization was adopted in 1882. For convenience and control of management, the Standard Oil Trust was formed: all the stock of the various companies was placed in the hands of trustees, who gave certificates showing the amount of each owner's interest in the stock so held in trust; the whole business was then managed by nine trustees,[2] chief among whom was John D. Rockefeller, of Cleveland, Ohio. In this simple device of centralized control, not only no new legal privileges were sought, but publicity was avoided.

Other industrial managers, having the same problem to solve, eagerly seized upon the Standard Oil Trust form of agreement. The American Cotton Oil Trust (1884) and the National Linseed Oil Trust

[1] *House Reports*, 50 Cong., 2 Sess., No. 4147, p. 3.

[2] Agreement reprinted in Nettleton, *Trusts and Competition*, 197; also in *House Reports*, 50 Cong., 1 Sess., No. 3112, p. 307; and in Von Halle, *Trusts*, 153.

(1885) were conspicuous examples of centralization. The movement proceeded so quietly that the public was hardly aware of the significance of these "new-fangled" organizations.[1] In 1887 large combinations were made in the cordage, lead, sugar, and whiskey industries. In the next year the movement, possibly owing to the uncertainty of the elections, was checked, but in 1889 it was revived, and from that time on proceeded with great rapidity to bring the manufacture of staple commodities under centralized control. In addition to these more formal arrangements for unified management, there was a wide-spread movement for combinations under agreements or by contracts between individual corporations. In a few instances centralized control was sought by direct incorporation under a state charter. The public exercised little discrimination in denouncing all—pools, corners, syndicates, combines, or "trusts." The trust problem was also loaded down with all the sins and misdoings incident to ordinary corporation enterprise.

The first trusts did not make a favorable impression. The Standard Oil Company which blazed the way, had a noxious record of industrial intrigue: in New York, Pennsylvania, and Ohio its practices had been bitterly assailed for ten years or more.[2] It was charged with building up its monopoly by under-

[1] *Nation*, XLIV., 380 (May 5, 1887), also XLV., 68 (July 28, 1887).

[2] Sparks, *National Development* (*Am. Nation*, XXIII.), chap. v.

hand methods, by entering into secret contracts and arrangements which could be easily repudiated if occasion demanded, by securing illegal and discriminating rates from railroads, by wringing tribute money from independent producers, by an ingenious system of rebates in which the railroad acted as the broker, by espionage of business rivals, by oppressive threats to destroy competitors, and by the corruption of legislatures. Many of the charges it was difficult to prove, for responsibility could not be definitely located. The central "trust" organization professed ignorance of the operations of the thirty-nine individual corporations, and the local corporation was actually ignorant of the plans of the nine trustees who controlled the vast system from their offices in New York. The silence or evasive answers of officials when summoned into court or legislative committee-room was supplemented by a cautious avoidance of ostentation in the development of the world-wide plans of the trust.[1] There was no public heralding of victory or admission of defeat. The company lived in an air of mystery, and this, apart from any economic evils which might be ascribed to the monopoly, did much to intensify popular resentment.

The Standard Oil Company was also brought into offensive notoriety through the election of Mr. Henry B. Payne as senator from Ohio. In 1886 the legislature of Ohio asked that the Senate investigate the charges of bribery affecting this election, in which

[1] Tarbell, *Hist. of the Standard Oil Co.*, II., 127–138.

Standard Oil influences were implicated. Although the Senate committee on elections refused to make an investigation,[1] many believed that the silence of Senator Payne under these accusations was evidence of guilt. There were rumors that the Standard Oil Company, in its intrigue for power, invaded the Senate, and that the presence of Mr. Whitney in the cabinet gave the trust a special friend at court. Is it true or not, asked Senator Frye, that the great Standard Oil Company, the greatest monopoly in the United States, "a power which makes itself felt in every inch of territory in this whole republic, a power which controls business, railroads, men and things, shall also control here?" [2] The accusation of corrupt influences was afterwards indignantly denied by Senator Payne and Secretary Whitney, but suspicion still lingered and quickened public desire for investigation and retaliation.

As the significance of this new industrial movement was little understood, there was no hesitation in denouncing the combinations as trade conspiracies; they were unholy monopolies, with anti-social purposes, illegal and extra-legal; they were hydra-headed monsters, constrictors, giant robbers, and destructive tyrants. Under "their iron heel" the individual citizen is trampled to death.[3]

[1] *Senate Reports*, 49 Cong., 1 Sess., No. 1490.

[2] *Cong. Record*, 49 Cong., 1 Sess., pt. vii., 7323 (July 22, 1886).

[3] Cleveland, in Richardson, *Messages and Papers*, VIII., 774; *Nation*, XLVII., 125.

In vain the trusts insisted upon such advantages of combination as economy of administration and reduction in cost of manufacturing, enabling the price of commodities to be kept as low as consistent with reasonable profit; the sharing of the public in the benefit of new appliances and processes whereby quality was improved and cost diminished; and protection against unlawful combinations of labor. To the public these economies seemed remote, and most people believed that the trusts raised the prices of commodities. Moreover, speculative promoters found in this new form of organization an easy method of deceiving purchasers of securities, and thus helped to bring the trusts into disfavor. In the process of reducing expense by consolidation, employés were frequently discharged; thus, after the formation of the sugar trust in 1887, a number of the refineries were closed or dismantled.[1] The reduction in advertising, the elimination of jobbers and middlemen, the discharge of salesmen, the saving of cross freights, and the lessened dependence upon credit agencies were processes which dislocated established interests and helped to swell the outcry against monopoly. Neither students nor statesmen knew which way to turn. No clear distinction between large-scale production and monopolistic combination was made.

The Democrats declared that the tariff was the great trust. While the government threw up the tariff walls without, monopolists, they said, joined

[1] Jenks, *Trust Problem*, 34.

hands within for the purpose of putting up prices and plundering the people.[1] Hardly had the sugar trust been organized, when the price of refined sugar was raised, and one-sixteenth of a cent advance meant an extra profit of approximately two million dollars.[2]

The Republicans did not accept this Democratic diagnosis. Some of the most active combinations, though unsheltered by protective duties, prospered as well as those within the sacred walls; syndicates and combines throve in free-trade England, and the American trusts were even declared to be of foreign origin, imported from free-trade countries. The most oppressive trusts were said to be those dealing in foreign goods, as in plate-glass and china-ware.[3] Many believed that the trusts were a mushroom growth, which could not last long; that it was impossible to defy the law of competition which governs the economic structure of society; the more successful the trust, the surer the offshoots of competition were to sprout. Every factory that the trust buys was likely to be the creator of another; in the freedom of competition any attempt to exact more than a legitimate return must bring defeat. A later founder of the steel trust, in 1889, thought that the chances were one hundred to one that the Standard

[1] Democratic platform, 1888, in *Tribune Almanac* (1889), 24.

[2] Speech of W. L. Wilson, in *Cong. Record*, 50 Cong., 1 Sess., pt. x., App. 55 (May 3, 1888).

[3] Speech of McKinley, *ibid.*, pt. v., 4409 (May 18, 1888).

Oil Company would not retain its monopoly when the men then at the head retired from management: "As with Banquo's procession, so with the trusts, as one approaches, another disappears." [1] "The only persons who have reason to fear trusts are those foolish enough to enter into them." Blaine declared that trusts were largely a private affair with which neither the president nor any private citizen had any particular right to interfere.[2] Thomas B. Reed, Republican leader in the House, also ridiculed the dangers of monopolies. "I have listened," he said, "to more idiotic raving, more pestiferous rant on that subject than on all the others put together." Outside of the patent office, he declared, there were no monopolies in the country, and there never could be; "there is no power on earth that can raise the price of any necessity of life above a just price and keep it there." [3]

The Republican party, however, as a whole, could not take this complaisant attitude; its leaders fiercely arraigned trade conspiracies, trusts, and combines, and demanded their punishment; and they willingly co-operated in the passage of Federal and state laws to "prevent the execution of all schemes to oppress the people by undue charges on their supplies." [4] President Harrison, in his message of December,

[1] Andrew Carnegie, in *North Am. Rev.*, CXLVIII., 147.

[2] Portland speech, August 15, 1888; see *Public Opinion*, V., 425. [3] *Cong. Record*, 50 Cong., 1 Sess., pt. v., 4445.

[4] Republican national platform, 1888, in *Tribune Almanac* (1889), 21.

1889, gave warning that trusts in the nature of conspiracies should be made the subject of prohibitory and even penal legislation.[1] In 1888 an investigation of trusts was undertaken by a Senate committee of New York[2] and by a committee of the national House of Representatives,[3] but in neither case were the results helpful to a clear understanding of the problem. With little consideration for the economic forces which were bringing about the so-called trust problems, and with as little reflection regarding the remedies to be applied, stringent but, in the present state of industrial development, meaningless laws were passed in many states.[4] As a rule, these laws made it a criminal conspiracy for two or more persons to agree to limit the price or the production of any article, which meant little more than the incorporation of common law into statute law.[5] Under modern forms of industry it was difficult to prevent such agreements or to secure proof of their existence.

In Congress, more serious constitutional difficulties stood in the way, for the Federal government had no control over corporations created by state charter. There was fear that the prohibition of combinations would apply to the agreements of a purely social char-

[1] Richardson, *Messages and Papers*, IX., 43; see also platforms of New York and Iowa in 1889, *Tribune Almanac* (1890), 21, 25.

[2] *N. Y. State Senate Docs.* (1888), No. 50.

[3] *House Reports*, 50 Cong., 1 Sess., No. 3112.

[4] For collection of laws, see Industrial Commission, *Report*, II., 67 et seq.

[5] Dodd, in *Harvard Law Review*, VII., 164.

acter, and prevent farmers or laborers from organization. Proposition after proposition was brought forward, to be met by the objection of unconstitutionality. Finally, after a delay of two years in discussion, restraint was sought under the interstate commerce clause of the Constitution, resulting in the enactment of the anti-trust act of July 2, 1890,[1] frequently referred to as the Sherman anti-trust bill, though Senator Sherman had little to do with its preparation.[2] By this statute, combinations and conspiracies in restraint of trade among the several states and with foreign countries were declared illegal and punishable by fine or imprisonment. Any person injured by such combination could recover three times the damages sustained. In addition, it was made the duty of the United States district attorneys to prosecute any person or corporation violating the provisions of the act.

The courts, both state and national, also found it difficult to deal with the trust questions submitted for adjudication. It was clear that this new form of organization tended towards monopoly; but monopoly in restraint of trade for centuries had been odious to English-speaking nations. On the one side, industry demanded large undertakings, and the spirit of the age demanded freedom of contract; on the other hand, these newer tendencies must reckon with the traditions of many generations, which had been

[1] *U. S. Statutes*, 51 Cong., 1 Sess., chap. dcxlvii.
[2] Hoar, *Autobiography*, II., 22.

crystallized in common law. Heretofore the courts had held that agreements to raise prices were invalid, if not criminal, and could be followed by punishment; now, however, that trustee agreements were made "which took absolutely out of the power of the original owners of a business all control over it," [1] the advantages of monopoly could apparently be enjoyed without its pains and penalties. Some, indeed, believed that the legal position of trusts was impregnable.[2]

At one time it was thought that a solution had been found by insisting upon the principle of corporate responsibility. In 1890 the highest court in New York decided that the North River Refining Company had violated its charter in surrendering the responsibilities of management into the hands of a board of trustees not known to the law.[3] The transfer of the stock of the Standard Oil Company by the shareholders to the trust was also judicially condemned; and in Illinois the state court, in 1889, held that the action of the Chicago Gas Trust Company, a chartered corporation, in buying up a controlling share of the stock of all the gas companies in the city, thus establishing a monopoly, was illegal: the power to buy stock was not granted in the charter, and the suppression of competi-

[1] Goodnow, in *Pol. Sci. Quart.*, XII., 227.
[2] *Nation*, XLVII., 125 (August 16, 1888).
[3] People *vs.* North River Sugar Refining Co., 121 N. Y., 582.

tion on grounds of public policy was contrary to law.[1]

These decisions did not check the movement of combinations, for a new form of centralization was substituted by uniting manifold interests in one large corporation; the same business was carried on in the same way, but "under a new sign." Even before the Federal anti-trust act of 1890 was passed, the American Cotton Oil Trust, the Distillers' and Cattle Feeders' (whiskey) Trust, and the sugar trust had begun the transformation from combines under trustees into single corporations with responsible boards of directors. Even this practice did not always bring immunity. The Distillers' and Cattle Feeders' Company, chartered in the state of Illinois in 1890, to take the place of the trust commonly known as the whiskey trust, could not, said the courts, by the mere act of incorporation, escape prosecution. "There is no magic," observed the judge, "in a corporate organization which can purge the trust scheme of its illegality; it was illegal before and it is illegal still."[2] The consolidations, however, were able to avail themselves of other resources. The Standard Oil Trust dissolved, but a common and centralized policy was maintained through the government of the separate constituent corporations by the same board of management.

Another difficulty in dealing with the problem was

[1] 130 Illinois, 268.
[2] Distilling and Cattle Feeding Co. *vs.* People, 156 Illinois, 448.

due to the widely varying systems of state corporation laws. What Illinois would not tolerate, New Jersey,[1] Delaware, or West Virginia, with a generous spirit of corporate privilege, would befriend and protect. State comity demanded that these corporations, however large their powers, should be treated with courtesy and be allowed to engage in interstate commerce throughout the length and breadth of the country. Nor could a state prevent the purchase of securities of her own corporations by those residing in other states. It was difficult, therefore, to locate the origin of monopoly, or, if established, to apply an effective remedy. "Understandings" were also often as effective as contractual agreements. In 1892 an adverse decision was rendered by the chancellor of New Jersey against the anthracite coal railway combination on the ground that the leases made by the railroad were illegal; but so far as the price of coal was concerned the decision was of no practical consequence, for the managements continued to work in harmony with each other.[2]

Nor was the Federal act of 1890 of much service in restraining combinations. Out of eight opinions rendered by the Federal court during Harrison's administration, under the anti-trust act, seven were adverse to the government, and not a single indict-

[1] Dill, *General Corporation Act of New Jersey*, xvii.

[2] *House Reports*, 52 Cong., 2 Sess., No. 2278, pp. iii., 209; see also N. Y. Special Senate Committee relative to the Coal Monopoly, *Report*, 383 (February 1, 1893).

ment filed reached a trial on the facts. The Supreme Court of the United States decided in 1895 that manufacture and production are no part of interstate commerce, and that an attempt to monopolize manufacture is not necessarily an attempt to monopolize commerce.[1] Only when the natural and direct effect of an agreement is to restrain interstate commerce can the anti-trust act be invoked.[2] Congress could not, therefore, exercise a restraining power at the origin of the evil. The penalties imposed for violations were insufficient; combinations were not deterred by the fines named, and persons suffering slight damage would not punish themselves by entering into litigation to recover a mere pittance.[3] Some monopolies Congress could not regulate, since they could not be brought under the interstate commerce provisions of the Constitution; others the state could not regulate because of the shelter provided by this same constitutional clause. Effective control of industrial monopoly, therefore, fell between two stools.

[1] Knight case, 156 U. S., 1.

[2] Addyston Pipe and Steel Co. *vs.* U. S., 175 U. S., 211; opinion rendered in 1899.

[3] *House Reports*, 56 Cong., 1 Sess., No. 1506 (May 16, 1900).

CHAPTER XIII

FOREIGN AFFAIRS UNDER HARRISON
(1889–1893)

AMONG the legacies inherited by Mr. Blaine as secretary of state was the settlement of a proper government for Samoa. Difficulties had been brewing in this group of Pacific islands for several years; for, since 1872, the United States had possessed a coaling-station in the harbor of Pago-Pago, and had exercised, along with Germany and Great Britain, rights of extra-territoriality over a small strip of land in the town of Apia, located on one of the larger islands. In 1880 an informal agreement under consular authority was made, by which the king of Samoa agreed to accept three advisers—Germany, Great Britain, and America.[1] Clashing commercial interests and unstable forms of native government led to intrigues in which all three nations became involved. The Germans, for the purpose of strengthening their interests, supported the claims of Tamasese to the throne of Samoa, while the Americans and English sided with

[1] Richardson, *Messages and Papers*, VII., 611; *Foreign Relations* (1889), 295.

the reigning Malietoa. In order to block the aggressive projects of Germany, the American consul, Greenebaum, on May 14, 1886, proclaimed an American protectorate, an act quickly disavowed by the home government.

In the hope, however, of restoring peace in the islands, Secretary Bayard, in the following year, invited England and Germany to unite in a conference with the United States. Although the investigation proved that the Samoans were unfit to rule themselves, the conference was unable to agree as to what form of government should be substituted. Germany wished one foreign official, while the United States preferred an executive council in which all three nations should be represented. The conference adjourned without a decision, and the struggle between the rival alien interests was renewed. A more acute crisis was reached in January, 1889, when the American flag in Apia was seized by armed Germans. Although the flag was released, the situation appeared serious; a second vessel was at once ordered to Samoa, and a naval conflict appeared to be imminent. No sooner, however, had the warships gathered than a hurricane, March 16, 1889, destroyed all the vessels in the harbor except one. By this common loss, in which all three powers suffered, the tension was relieved.[1] A new conference, which met in Berlin, April 29, 1889, drew up a treaty whereby Great Britain, Germany, and the United

[1] Henderson, *Am. Diplomatic Questions*, 242.

States guaranteed the neutrality of the islands and established a protectorate over the feeble native government.[1] The issue, slight in itself, is evidence of the progress which the United States was making in participating in world politics.[2] For the first time the United States departed from its "traditional and well-established policy of avoiding entangling alliances with foreign powers in relation to objects remote from this hemisphere." [3]

In these negotiations Secretary Blaine gave characteristic evidence of his impatience; when informed of the temper of Bismarck in pressing the demands of the German government, he cabled to the American commissioner in Berlin: "The extent of the Chancellor's irritability is not the measure of American right." Quiet prevailed in Samoa for several years, but in 1894 the revival of native dissensions demanded a joint naval movement, and there were fears that the government could be maintained only by the "sacrifice of life and treasure." [4] In 1899 the United States gave up the tripartite claims and received Tutuila clear of encumbrance; Great Britain withdrew altogether, leaving the rest of the group to Germany.

In 1891 a breach in friendly relations between the

[1] *Foreign Relations* (1889), 349.

[2] J. B. Moore, in *Cambridge Modern Hist.*, VII., 663.

[3] Report of Secretary Gresham, May 9, 1894, in *Foreign Relations* (1894), App., 504.

[4] Cleveland's message, December 3, 1894, in Richardson, *Messages and Papers*, IX., 531.

United States and Italy was occasioned by the killing of several subjects of Italy by an armed mob in New Orleans. The trouble began with the murder of the chief of police of that city, and popular belief attributed the crime to Italians connected with a branch of the secret organization of the Mafia, in revenge for the activity of the police authorities in previous arrests of Italian criminals. Twenty-two Italians were indicted as principals or accessories to the crime, and nine of them were tried, all of whom were acquitted or remanded to another trial.[1] Popular opinion again held that the acquittal was due to bribery by agents of the Mafia, and a citizens' committee determined to prevent what was believed to be a miscarriage of justice. A mob was organized, and the Italians were taken from jail and lynched. Rudini, the minister of foreign affairs, immediately directed that the Italian minister at Washington demand from the government of the United States judicial proceedings and reparation.

To these demands, insistently repeated, even before the facts could be clearly learned by the authorities at Washington, Blaine replied that the Federal government could not of itself instigate criminal proceedings; that the indictments must be made by the municipal authorities under state law; and that the treaty between the two countries gave to the citizens of Italy sojourning in the United States

[1] *Foreign Relations* (1891), 714.

only the rights which natives possess.[1] "I do not recognize," said Blaine, "the right of any government to tell the United States what it shall do. We have never received orders from any foreign power, and shall not begin now." [2] This interpretation of Federal and state relations, by which the United States appeared to escape responsibility, was not acceptable to the Italian government, and Baron Fava was recalled. As the American minister was also withdrawn from the Italian court, diplomatic negotiations between the two countries were carried on by subordinates. Later President Harrison tactfully referred to the incident in terms which gave the Italian government an opportunity to re-establish diplomatic ties.[3] Congress voted twenty-five thousand dollars to be distributed among the families of the murdered Italians, not, however, as a matter of right, but as an expression of the regret of the United States. In April, 1892, Baron Fava and minister Porter returned to their respective posts. The whole affair was a lesson in the complications arising from the inability of the treaty-making power, through the relations of the Federal government to the several states, to carry out its treaty obligations as it expected them to be observed by other powers towards American citizens.

To avoid incidents which kept alive hostility

[1] *Foreign Relations* (1891), 676.
[2] To Baron Fava, March 26, 1891.
[3] Richardson, *Messages and Papers*, IX., 182.

towards Great Britain seemed impossible. The country was easily excited over the possibility of foreign complications, and events of relatively slight consequence were made the basis of inflammatory editorials and speeches. A striking illustration of this was seen in the dispute over the seal fisheries in Bering Sea, which was magnified out of all proportion to its real significance, and which took the place of the controversy over the northeastern fisheries, as an excuse for bitter denunciation of Great Britain. The territory of Alaska, purchased from Russia in 1867, included certain islands, among which was the Pribyloff group, on which seals, during the spring and summer, gather to rear their young.[1] In the autumn the seals migrate southward and spend the next half-year in long sea rovings far outside the range of land. In 1870 the United States ceded to the Alaskan Commercial Company monopoly rights by which a certain number of "bachelor" seals could be taken during their sojourn in the Pribyloff islands.[2] Outside adventurers, attracted by the increasing value of the fur, took advantage of the migration to slaughter as many as they could at sea, and particularly in the strait in the neighborhood of the Aleutian Islands, through which the seals pass out into the Pacific Ocean.

[1] For habits and life of fur-seals, see H. W. Elliott's report, in *House Exec. Docs.*, 54 Cong., 1 Sess., No. 175.

[2] *U. S. Statutes at Large*, XVI., 180; Henderson, *Am. Diplomatic Questions*, 13.

The hunters claimed these rights on the ground that the killing was outside the three-mile limit from the shore. The American government, however, by a treasury regulation in 1881,[1] which was reaffirmed by Secretary Manning in 1886,[2] declared that the whole of the Bering Sea was part of the dominion of the United States; and that it had the power, therefore, to protect the seals on water as well as on land. As the seals were in danger of extermination, the treasury department decided to stop the sea hunting by force, if necessary. In 1886 three vessels of British register were seized and condemned on the ground that they had been found engaged in killing fur-seals within the limits of Alaska territory and in the waters thereof, in violation of the statutes of the United States.[3] Against this action the British government protested, but owing to delays of communication with Alaska no satisfactory settlement of the points at issue was made at the time the season of 1887 opened.[4] Further seizures were consequently made, and in nearly every instance the British vessel was more than sixty miles from shore when taken. In the later proceedings of condemnation, the United States district court construed the rights of Russia transferred by the cession of 1867 to the United States, to the effect that the Bering Sea was a *mare*

[1] *Senate Exec. Docs.*, 50 Cong., 2 Sess., No. 106, p. 281; Henderson, *Am. Diplomatic Questions*, 15.

[2] *House Reports*, 50 Cong., 2 Sess., No. 3885, p. xi.

[3] *Revised Statutes of the U. S.*, § 1956.

[4] *Senate Exec. Docs.*, 50 Cong., 2 Sess., No. 106, p. 12.

clausum.[1] In August, 1887, Secretary Bayard entered into preliminary negotiations with the government of Great Britain, Russia, and other European nations interested, as well as Japan, for the purpose of reaching some international agreement for protection to the seals, and for policing Bering Sea to enforce the regulations which might be adopted.[2] Seizures were therefore suspended during the season of 1888. At first it appeared as if diplomacy would bring about arrangements for an international protection of the seals, but in May, 1888, negotiations were suspended at the request of the Canadian government.[3] It is possible that this request was prompted by resentment over the adverse report which the Senate committee on foreign relations had made on the treaty which had been drawn up for the regulation of the northeastern fisheries.[4] Canadians were quick to point out that the claim of the government of the United States to sovereignty of the Bering Sea was not consistent with the arguments put forward in the discussion of England's maritime rights on the eastern coast.

At this stage Congress took the matter up, and, in order to remove all doubts as to the position of the United States, declared, by the act of March 2, 1889, that the prohibition of killing of seals within the limits of Alaskan territory should apply "to all

[1] Moore, *International Arbitrations*, I., 775.
[2] *Senate Exec. Docs.*, 50 Cong., 2 Sess., No. 106, p. 84.
[3] Moore, *International Arbitrations*, I., 782. [4] *Ibid.*, 784.

the dominion of the United States in the waters of Bering Sea"; and ordered the president to issue a proclamation that all persons violating such law would be arrested and their vessels seized.[1]

This bold announcement that the Bering Sea was practically a *mare clausum*, over which the United States had sole jurisdiction, gave authority for further captures, which were followed by renewed protests of the British government against unlawful interference with a legitimate industry on the high seas. Eight more vessels were taken during the summer of 1889.[2] The correspondence which ensued between Secretary Blaine and Lord Salisbury traversed a wide range of the principles of international law, and at times appeared to give promise of a serious breach between Great Britain and the United States. Blaine urged that the Canadian vessels were engaged in a business that was in itself *contra bonos mores;* that the use of force by the United States in the Bering Sea was demanded in the interests "of the rights of good government and of good morals the world over"; and in conclusion held that the United States enjoyed all the prescriptive rights in the seal fisheries which had previously been held by Russia and acquiesced in by all nations.[3] Lord Salisbury denied that the killing of seals could be classed

[1] *U. S. Statutes*, 50 Cong., 2 Sess., chap. ccccxv. [415], sect. 3.

[2] For a list of British sealing-vessels seized by the U. S., see Snow, *Topics in Am. Diplomacy*, 507.

[3] Blaine to Pauncefote, January 22, 1890, *Foreign Relations* (1890), 366.

in the category of international wrongs save by general agreement, and called attention to the fact that not only England but the United States had protested against the earlier exclusive assumptions of Russia.[1] He also maintained that fur-seals were indisputably *ferœ naturæ*, and that consequently no one could have property in them until he had reduced them to possession by capture. Blaine replied that the previous protest of the United States had not been against Russia's claims over the Bering Sea, but over the Pacific Ocean adjoining, and implied that Lord Salisbury had not been entirely ingenuous in his quotations from the correspondence of Secretary John Quincy Adams, who had made the protest in 1825.[2]

The controversy was then directed to fruitless charges and counter-charges of national inconsistency. Ordinary methods failed to bring the two nations nearer to a settlement, and at times anti-British sentiment was inflamed to the danger-point. In 1892 Republicans and Democrats joined not only in demands for a stricter policing of the Bering Sea by the navy, but also for retaliation against Canada, by placing an embargo on railroad traffic from one Canadian point to another across United States territory. Blaine insisted upon the overwhelming interest of the United States in the protection of seals, and urged that a continuance of the present

[1] *Foreign Relations* (1890), 419; see also *Am. State Paps., Foreign*, IV., 862, V., 436. [2] *Foreign Relations* (1890), 437.

policy would be disastrous. Lord Salisbury stood on the principles of international law, and dismissed all arguments of expediency as irrelevant. On the question of the earlier Russian pretensions, he easily overcame the arguments advanced by Blaine. Finally, however, February 29, 1892, arbitration was agreed upon.[1]

Under that treaty the tribunal which met in Paris in 1893 had to settle three questions: first, whether the United States had any exclusive rights in the Bering Sea; secondly, if she did not have such rights, what regulations could be adopted by international agreement for the protection of the seals; and, lastly, to determine the liabilities for injuries sustained in connection with arrests and condemnation of British vessels.[2] The tribunal decided against the contention of the United States by declaring that the United States has no right to protection, or property in, the fur-seals frequenting the islands of the United States in Bering Sea, when such seals are found outside the ordinary three-mile limit.[3] It recommended a set of regulations to govern the United States and England in the future conduct of fisheries, and assessed damages against the United States on account of the seizure of vessels.[4] Throughout the controversy, Blaine was accused, in the main unjustly, of jingoism in endeavoring to force his contention upon

[1] Moore, *International Arbitrations*, I., 799.
[2] *Ibid.*, 810. [3] *Ibid.*, 917.
[4] *Ibid.*, 922; Henderson, *Am. Diplomatic Questions*, 34 et seq.

Great Britain. The order of Congress as laid down by the act of March, 1889, forced the administration to sustain an extreme thesis; Blaine was possibly overzealous and not always gracious or even accurate in his interpretation of the principles of international law, but the offence of jingoism should be primarily ascribed to the American people who were willing to make trouble with Great Britain on any pretext. When diplomatic negotiations proved useless, Blaine willingly accepted arbitration as a method of settlement.[1]

The diplomatic relations of the United States with Chile were also unfortunate. Criticism was freely passed upon the appointment of Patrick Egan as minister to that country in 1889: Egan was a political refugee from Ireland, who had been in this country but a short time, and it was asserted that he owed his appointment to his influence with the Irish vote, to the special friendship of Mr. Blaine, and to support which he had brought to Harrison in the election of 1888. Blaine was already held in suspicion in Chile because of the domineering part which he took ten years before in the dispute between that country and Peru. In view of the political crisis through which Chile was passing, prudence demanded the choice by the United States of a representative in Chile who was tactful and experienced. Englishmen had important commercial interests in the nitrate industry of Chile, and there was an active Ger-

[1] Woolsey, *Am. Foreign Policy*, 6; Stanwood, *Blaine*, 361.

man colony. The former were naturally prejudiced against Egan, who had taken a prominent part in the struggle for home rule, and the latter were irritated against the United States on account of the Samoan affair.

Whatever be the merits of this struggle, it was generally believed in the United States that Balmaceda, the president of the republic, was trying to suppress democratic institutions of government and to establish a dictatorship. In opposition to his policy was the congressional party in Chile, which represented the popular cause of liberty. When this party endeavored by arms to prevent Balmaceda from perpetuating his power, the government of the United States was placed in the difficult position of determining whether the belligerents were entitled to recognition. General sympathy in this country with the revolutionary movement was disposed to go further than the administration, and the critics of Blaine found in his caution unreasonable grounds for complaint. It was charged that Egan, for personal reasons, had allied himself with the fortunes of Balmaceda, and that his despatches did not impartially represent the progress of events in Chile. The seizure of a Chilian vessel, the *Itata*, by the United States also further strained the relations between the two countries. This vessel received a large supply of guns and ammunition outside the harbor of San Diego, California, for the use of the congressional party. Upon complaint of the Balmaceda

government that this action was a violation of the neutrality laws, the Federal cruiser *Charleston* was sent in pursuit.[1]

The *Itata* was not captured, but the congressional party, unwilling at this time to create complications, surrendered the vessel with its military supplies to the naval authorities of the United States in Valparaiso. As the Federal district court decided that the seizure was unwarranted, and as there is no justification in international law for seizing a vessel on the high seas for a violation of port regulations, unless it flies the American flag, there was new reason to infer that our government was over-eager to befriend Balmaceda. The revolutionary party succeeded, and established a provisional government. Charges were then made that naval officers of the United States had improperly given information to Balmaceda in regard to the conduct of the war, and had assisted in depriving the other side of information by cutting a submarine cable.

The resentment of the congressional party towards the United States was quickly matched by the anger aroused in this country towards Chile because of an assault, October 16, 1891, upon the sailors of the war-ship *Baltimore*, in the streets of Valparaiso. One man was killed and several wounded. Evidence as to the cause of this affray was conflicting: but the general belief of the United States was that the attack was premeditated, and that the sailors had conducted

[1] Hart, *Practical Essays on Am. Government*, 108.

themselves in a peaceable manner. Hence it was construed that the assault represented more than a sailors' brawl, and was directed towards the flag of the United States. Explanations were at once called for; the Chilian government replied that it could not take action in advance of the decision of its own tribunal; that the investigation under its law was secret, and that the results could not yet be made public. No prompt satisfaction could be secured. In advance of any reply from Chile, President Harrison, in his annual message of December, referred to the "offensive tone" of the reply of the secretary for foreign affairs of the provisional government, and stated that he had heard no explanation of the attack other than that it had originated in hostility to the uniform of the United States.[1] The report of the secretary of the navy also reflected on the Chilian authorities.

As the delay of the Chilian government to make response to these demands was in line with the answer of the United States to Italy at the time of the disorders in New Orleans, President Harrison was criticised for inconsistency and for hasty speech which was not in harmony with efforts to cultivate friendly relations with South American countries. Señor Matta, the Chilian minister of foreign affairs, promptly communicated with all the foreign representatives of his government, declaring that the statements on which the message of President Harri-

[1] Richardson, *Messages and Papers*, IX., 185, 186.

son was based "are erroneous or deliberately incorrect," and "that there is no exactness or sincerity in what is said in Washington." [1] The provisional government of Chile now gave way to a new administration, and on January 4, 1892, the long-delayed explanation was made. The judicial investigation conducted by the Chilian authorities showed that the affray was begun by a quarrel of drunken sailors, and that there was no attack on the dignity of the United States. This was not regarded as a satisfactory settlement. January 21 the United States presented its ultimatum, declaring that suitable apology and reparation be made for the injury done to our government. Four days later a special message was sent to Congress,[2] and for a moment it appeared as if there might be war. Chile promptly yielded, and on January 28 President Harrison informed Congress that he had received a satisfactory reply, in which Matta's offensive letter to the foreign ministers was apologized for; the demand for Egan's recall was withdrawn, and offers of reparation were extended. It was afterwards shown that at the moment when the belligerent message was sent into Congress by Harrison, the explanatory despatch had actually been received and was in process of decipherment. The reception by Egan of several score adherents of the defeated party in his official residence, where they were held free from arrest by the successful

[1] *Foreign Relations* (1891), 268.
[2] Richardson, *Messages and Papers*, IX., 215.

congressionalists, was another point of divergence; but the excitement died down, although the Latin-American states were startled at the disposition of the United States to hold Chile to a swift and strict accountability.

CHAPTER XIV

SILVER AGITATION

(1889–1893)

FOR a period of six years, beginning with 1890, the contest for free coinage of silver overshadowed all other questions of public interest. Yet the reappearance of this issue was sudden and unexpected. The unravelling of the different influences which entered into this movement demands not only a study of the congressional debate, but also an inquiry into the causes of the wide-spread discontent which was manifested in new and formidable political organizations. As has been shown in an earlier chapter, discussion in regard to the silver question during President Cleveland's term did not seriously disturb Congress.[1] Nor was silver coinage a distinct political issue in the presidential campaign of 1888; the Democrats, in view of the difference of opinion within their party, prudently avoided all reference to the subject in their platform; and the Democratic House of Representatives, in fear of endangering the success of Cleveland as a candidate for re-election, thought it wise to smother a bill which passed the Senate in April, 1888, providing for a slight increase

[1] See above, p. 76.

in the coinage of silver, to make good the decrease in national bank circulation.[1]

The Republican party endeavored to make party capital out of Cleveland's pronounced opposition to silver coinage, by declaring in favor of the use of both gold and silver as money, and condemning "the policy of the Democratic administration in its efforts to demonetise silver." Silver, however, was steadily falling in value: in 1885 the market ratio of silver to gold was 19.41 to 1, and in 1887, 22.10 to 1. If this decline was to be checked, it was necessary to take prompt action. Active advocates of silver, irrespective of party, were encouraged by Harrison's selection of Windom as secretary of the treasury, for he came from the West and it was believed would view with sympathetic consideration plans for currency expansion. A new importance was given to the question by the advocacy at the annual meeting of the American Bankers' Association, in September, 1889, by Mr. St. John, president of a national bank in New York City, of the gradual retirement of United States notes and an accompanying increase in silver coinage. Though the suggestion did not receive the approval of the committee to which it was referred,[2] it disclosed a friendliness to silver in an unexpected quarter and strengthened the hopes of the more ardent friends of the cause.[3]

[1] *Cong. Record*, 50 Cong., 1 Sess., pt. iii., 2739.
[2] *Bankers' Magazine*, XLIV., 373.
[3] *Kansas City Times*, November 23, 1889.

Further impulse to the movement was given by the decision of certain members of the St. Louis Mining Stock Exchange "to test the sentiment of the country on free coinage and of the rehabilitation of silver"[1] through the holding of a silver convention at St. Louis in November, 1889. At this gathering more than two hundred delegates were present from nearly thirty states and territories;[2] and, in addition to generous representation from the mining states, there were large delegations from the farming states of Kansas, Nebraska, Missouri, Illinois, Indiana, and Ohio. The veteran leaders of silver again rallied together. The leading part in the proceedings was taken by Senator Stewart, of Nevada, who never wearied in denouncing the "crime of 1873"; by Warner, of Ohio, who had formerly championed greenback inflation; and by Representative Bland, of Missouri, who had won the silver victory of 1878, and never thereafter wavered in his efforts to secure free coinage. Honest, sincere, single-minded in his devotion to silver, he welcomed every means of furthering the agitation. Free coinage was the goal; if this could not be secured, the treasury department should at least be forced to coin the maximum of four million dollars' worth per month which was permitted under the act of 1878.[3]

The administration, without waiting for a test of opinion in the new Congress which was to assemble

[1] First Silver Convention, *Proceedings*, 1.
[2] *Ibid.*, 12. [3] *Ibid.*, 65.

in December, regarded the situation as exceedingly grave, and, according to rumors, early acknowledged a fear that a free-coinage bill might be passed. As the majority in the Senate in favor of silver would presumably increase with the admission of the new states in the Northwest, there was some justification for this apprehension; but, on the other hand, the Republicans had regained control of the House, and there was the possibility that President Harrison, if as stanch in his denunciation of silver coinage as his predecessor, would be equally successful in checking any latent efforts which might be undertaken in the more popular branch of Congress. Harrison, however, did not adopt a policy of determined opposition. So quickly had this new turn in the fortunes of silver taken place that the country was greatly surprised when Secretary Windom, in December, 1889, presented a complicated scheme for the larger use of silver for monetary purposes.[1] This sudden shift was ill-advised, for even President Harrison, in his message to Congress in the same week, confessed that as yet he had been able to give his secretary's scheme only a hasty examination.[2]

Windom's plan, in brief, was the issue of silver certificates against bullion at its market value. As a compromise measure it was not acceptable either to the silverites or to the supporters of a gold standard: the first complained that the plan was a vicious

[1] Sec. of Treasury, *Finance Report* (1889), lxiv.
[2] Richardson, *Messages and Papers*, IX., 41.

scheme whereby silver was degraded to the condition of the baser metals whose value was determined by gold; and the other side objected because the government was made a speculator in metals, and no fixed limit was placed on the amount of silver which the treasury might by law be required to absorb. Congress lost no time in taking up the subject, and more than a score of free-coinage silver bills were added to the proposition submitted by Windom. In the effort "to do something for silver," without going the length of free coinage, many schemes of a highly complicated character were devised, until it appeared as if it would be impossible to secure agreement upon any one measure.

The Senate bill, as finally reported, made provision for the purchase and coinage of silver bullion by the treasury to the amount of $4,500,000 per month, at the market price, as well as of all gold bullion which might be presented; against this metal treasury notes were to be issued, redeemable on demand in lawful money of the United States without distinction of metal. This plan was opposed in the House, and for a time no progress was made. Finally a joint caucus of Republican senators and representatives united upon a compromise measure which, following closely the provisions of the Senate bill, called for the monthly purchase of 4,500,000 ounces of silver instead of $4,500,000 worth, and gave to the secretary of the treasury discretionary power to redeem the notes in silver bullion

at the market value on the day of redemption. The House at last agreed, June 7, 1890, upon this caucus measure. It was, however, too conservative for the extreme silver advocates, who renewed the fight in the Senate; all compromises were thrown aside, and a free-coinage bill was passed, June 17, by a vote of 28 Democrats and 15 Republicans, against 3 Democrats and 21 Republicans.[1] Five of the eight new senators, from Montana, North Dakota, South Dakota, and Washington, voted in favor of the bill, two voted against, and one was absent. The Republican senators from Oregon, California, Nevada, and Colorado voted in the affirmative or were absent. Upon a renewal of the contest in the House, the supporters of free coinage met the stubborn and powerful resistance of the speaker, Mr. Reed, and lost by a vote of 135 to 152.[2]

Once more, after further wrangling and conference, another compromise was reached July 7, 1890, whereby provision was made for the monthly purchase by the treasury of 4,500,000 ounces of silver, and for the issue of notes based thereon, which were to be legal tender for debts, and redeemable in gold or silver at the treasurer's discretion. It was also declared to be "the established policy of the United States to maintain the two metals on a parity with each other upon the present legal ratio or such ratio as may be provided by law." [3]

[1] *Cong. Record*, 51 Cong., 1 Sess., pt. vii., 6183.
[2] *Ibid.*, 6503. [3] *Ibid.*, 6982.

"Gold Republicans" were now in a quandary; their party had reopened the question of silver coinage; they knew that there was a powerful group among their associates who favored free and unlimited coinage, as was seen by the votes of fourteen Republicans in the House and fifteen in the Senate who supported amendments to bring this radical result about. Some feared that if they should allow the silver party to have its way, and then rely upon the president for a veto, the success of the Republican tariff measure would be endangered, for there were rumors that certain western senators were withholding their assent to the extreme protectionism of the then pending McKinley bill until they were assured that the party would "support silver." As Senator Platt, of Connecticut, complained, a veto would tend to "break up the Republican party, and worse than that, to array the West and Southwest against the East. We cannot afford that split if it can be avoided."[1] Others were not so sure that the president would "feel at liberty to veto" a free-coinage bill;[2] since the December message he had been ominously silent.

The upholders of party harmony and the doubters finally determined to take no chances. A measure for the relief of silver passed both Houses by strict party votes, and became law July 14, 1890.[3] The provisions and the wording of this act of 1890 are

[1] Letter to *Hartford Post*, quoted in *Nation*, L., 365.
[2] John Sherman, *Recollections*, 1069.
[3] *U. S. Statutes at Large*, XXVI., 289.

credited to Senator Sherman, for, though he did not believe in the law, in fear of a worse measure he gave to the bill a reluctant and disgusted support in order to save the credit of the country.[1] Once passed, the Republicans cheerfully assumed full responsibility for the law. The *New York Tribune* declared that the confidence of conservative business men in the Republican party had again been justified, and that the statute was "a safe silver act."[2] No incident in our national history more forcibly illustrates the lack of determined statesmanship. If the president, supported by senators and representatives from the East, who were opposed to free coinage of silver without an international agreement, had fought the silver propositions at every step, it would have been impossible to pass the silver-purchase bill. Anti-silver representatives had more than one-third of the votes in the House, and could have prevented the passage of the bill over a veto. The responsibility for the Sherman act must therefore rest upon President Harrison and his political advisers from the East.

Under the earlier Bland act of 1878 the treasury had adhered to a policy of purchasing and coining silver at the lower limit of $24,000,000 per annum, which was permitted under the law; now there was no discretion granted: 54,000,000 ounces of silver bullion must be purchased each year, an amount

[1] John Sherman, *Recollections*, 1069, 1188; Burton, *John Sherman*, 372; Hoar, *Autobiography*, II., 22.

[2] *N. Y. Tribune*, July 14, September 29, 1890.

equivalent to the total silver production of the United States in 1890. Against this inert bullion a new form of treasury notes was to be issued; the monetary circulation, already a hodge-podge of legal tenders, greenbacks, gold certificates, silver certificates, national bank-notes, as well as of gold and silver coin, was still further muddled by the addition of treasury notes whose terms of redemption were left loosely defined—"in coin," instead of specifically in gold or silver. From every point of view the legislation was bound to be an embarrassment to commerce and to public finance. Nor did the new law restore the waning fortunes of silver: in 1890 the ratio of silver to gold was 19.76 to 1; in 1891, 20.92 to 1; and by 1893, 26.49 to 1. Bland denounced the act as a "master-piece of duplicity and double-dealing." [1]

The silver party did not give up the agitation. Farmers' organizations in the South and West adopted free coinage of silver as part of their platform of reform. After the decline of the Grange, the most important of these organizations was the National Farmers' Alliance and Industrial Union, commonly referred to as the "Southern" Alliance, to distinguish it from another order bearing substantially the same name. This association was especially strong in the South and in some parts of the West, and in 1890 claimed a membership of three millions. Other orders were the National Farmers'

[1] *North Am. Rev.*, CLI., 344 (September, 1890).

Alliance, which, to avoid confusion, was frequently called the "Northern" Alliance; the Colored Farmers' Alliance and Co-operative Union, and the Farmers' Mutual Benefit Association.[1]

The demands of the Southern Alliance and the Northern Alliance did not vary greatly, and can be considered together: they called for the abolition of national banks, the free coinage of silver, a large issue of treasury notes, an income tax, the prohibition of alien ownership of land, and the public ownership of agencies of transportation. In order that farmers might borrow money more advantageously, they also advocated a sub-treasury scheme, involving the issue of treasury notes to be loaned at a low rate of interest upon the deposit of certain non-perishable goods at warehouses established under government authority.[2] Although ostensibly opposed to independent political action, the Southern Alliance succeeded, in 1890, in pledging many candidates, for the most part Democrats, to their principles; and through their support exercised in a large number of states in the South and West a controlling force in the elections. In the state legislature of Alabama more than half of the members were pledged to the farmers; in South Carolina two-thirds, and in Missouri and Georgia even a larger proportion. The Northern Alliance ran independent or fusion tickets, and was successful in several states; in Nebraska it secured 72 representatives

[1] F. M. Drew, in *Pol. Sci. Quart.*, VI., 282 (June, 1891).
[2] Ocala platform, in *ibid.*, 291.

out of 133, and in Kansas 90 out of 165; 44 Congressmen in 11 states were pledged to support these principles.

Frightened by these evidences of the silver movement, the conservatives prepared to make still further concessions. Within six months of the passage of the Sherman act the Republican majority in the Senate weakened and agreed to support a measure for the purchase of an additional amount—12,000,000 ounces—of silver bullion during 1891; for the purchase of still more if the national bank circulation fell below $180,000,000; and, finally, for the free coinage of all silver whenever the market price of silver should have remained for a year at or above the coinage rate.[1] The free-silver party in the Senate, however, would not yield to any limitations whatever, and by a vote of 39 to 27,[2] January 14, 1891, carried a free-coinage substitute. They would have nothing further to do with the "quack medicine prescribed by dealers in money for financial disorders which their previous prescriptions have produced";[3] rather, they would return to the ancient agent of exchange which had been used for thousands of years. In the House the coinage committee reported adversely, and no direct vote was secured on the bill.[4]

[1] *Appleton's Annual Cyclop.* (1891), 228; *Financial Chronicle*, LI., 888 (December 27, 1890).

[2] *Cong. Record*, 51 Cong., 2 Sess., pt. ii., 1323.

[3] *Ibid.*, pt. i., 877.

[4] *House Reports*, 51 Cong., 2 Sess., No. 3967.

The negative vote of the Democrats on the Sherman act had a triple significance: it included opponents to any enlargement of silver coinage, the extreme supporters of free coinage, and those who had no decided opinions but wished to embarrass the Republican party into taking a false position. Apparently a majority of the Democrats was in favor of free coinage, for in 1890 Democrats in twenty-three states which held state conventions declared in one form or another in favor of silver; only here and there was a Democratic voice raised against monetary expansion. Ex-President Cleveland still stood firmly to his previous convictions: to the dismay of his friends who hoped that, notwithstanding his previous defeat, he might be selected once more as the party's candidate for president, he publicly characterized the unlimited, independent, and free coinage of silver as a "dangerous, reckless experiment."[1]

During 1891 the Republicans saw new light. The tariff bill had been safely passed, the unbending purposes of the party were more clearly defined, and preparations must be made for the presidential campaign of 1892. As soon as the fifty-second Congress was organized, in December, 1891, bills were introduced to repeal the purchase act; even Sherman acknowledged that the law which bore his name had proved ineffective.[2] These efforts were unsuc-

[1] Letter to E. Ellery Anderson, February 10, 1891, in Cleveland, *Writings and Speeches* (Parker ed.), 374.

[2] *Cong. Record*, 52 Cong., 1 Sess., pt. v., 4649.

cessful; it was impossible to undo the mischief. On the other hand, the silver party nearly achieved a victory when a free-coinage bill was reported in the House by the indefatigable Mr. Bland, now chairman of the committee on coinage. A motion to lay the bill on the table was defeated, March 24, 1892, by a vote of 148 to 149, 80 Democrats voting in the affirmative and 130 in the negative.[1] Filibustering to kill the bill was resorted to, and the measure was dropped.[2]

The platforms of both parties, in 1892, were ambiguous on the subject of free coinage. Each demanded the maintenance of the parity of the values of the two metals. The Democrats denounced the Sherman act; and, by characterizing the law as a "cowardly makeshift," furnished a rallying-cry to which the gold conservatives and the free-silver element could alike respond with hearty sincerity. The conventions had hardly adjourned when the Senate again passed a bill for the unlimited coinage of silver: 18 Democratic senators voted for it, and 7 against it; 11 Republicans were in favor, and 18 in opposition.[3] All of the Republicans who supported the measure were from the western states, with the exception of Senator Cameron, of Pennsylvania. The House still remained contrary, and refused to consider the Senate bill by a vote of 136

[1] *Cong. Record*, 52 Cong., 1 Sess., pt. iii., 2543.
[2] Woodburn, *Am. Republic*, 258 et seq.
[3] *Cong. Record*, 52 Cong., 1 Sess., pt. vi., 5719 (July 1, 1892).

yeas to 154 nays, July 13, 1892.[1] A number of Democratic representatives who heretofore had been friendly to silver now voted against the consideration of the bill, justifying their opposition by the declarations of the party platform and by the claim that the party, in view of the open opposition of Mr. Cleveland, now renominated for president, could not afford to emphasize still further its disagreements during the progress of the campaign.

Few new arguments in behalf of silver coinage were presented in addition to those which had been set forth at such wearisome length in the earlier agitation which culminated in the passage of the Bland act. Much emphasis, however, was placed upon the burdens of the farmer, since the increase of mortgage indebtedness on farming land was greater than the increase of wealth derived from agriculture.[2] In Kansas 60 per cent. of the taxed acreage, in 1890, was under mortgage; in Nebraska, 55 per cent.; in Iowa, 47 per cent.[3] According to the census of 1890, only two-thirds of the families throughout the United States occupying farms owned their farms at all; and of these a quarter owned them subject to a mortgage. The average annual value of the corn crop during the years 1885–1889 was $70,000,000 less than in the preceding five years, notwithstanding an increased acreage. On wheat land the acreage

[1] *Cong. Record*, 52 Cong., 1 Sess., pt. vi., 6133.
[2] U. S. Eleventh Census, *Abstract*, 90, 220. [3] *Ibid.*, 217.

value of the yield fell from $11.10 to $8.83.[1] The decline of agricultural prices was ascribed to the appreciation of gold, which served as the monetary measure of value; again it was urged that unless there was an enlargement of the monetary circulation there would be a general collapse of commercial enterprise because of the unsettlement of prices. The opposition to silver coinage was attributed to the creditor classes, who sought to increase the tribute which they were exacting "by the noiseless and insidious process of increasing the value of the money in which it is paid." [2]

Currency was given to the most extravagant statements: the non-producing class, it was said, had a mortgage of more than a hundred thousand million dollars upon the energies, the labor, and the production of the civilized world, and exacted each year at least five hundred millions from it in the form of interest;[3] gold must have increased in value because of the demonetization of silver. The changing of the standard which affected the equities of all contracts was held up as a crime against the people.[4] Silver, on the other hand, they were sure had not changed in value; for patient investigation, Mr Bland declared, showed that silver would bring in silver-using countries as much if not more than

[1] *U. S. Statistical Abstract* (1895), 298.
[2] Senator Hill, in *Cong. Record*, 48 Cong., 2 Sess., pt. i., 240.
[3] Senator Stewart, in First National Silver Convention, *Proceedings*, 117.
[4] A. J. Warner, in *ibid.*, 20.

before.[1] Even if there had been an absolute increase in monetary circulation, it was held inadequate to the increased demand caused by the expansion of industries. Much was made of the great power and persistency of the gold propagandists in the eastern states in protection of the vast industries which they possessed.

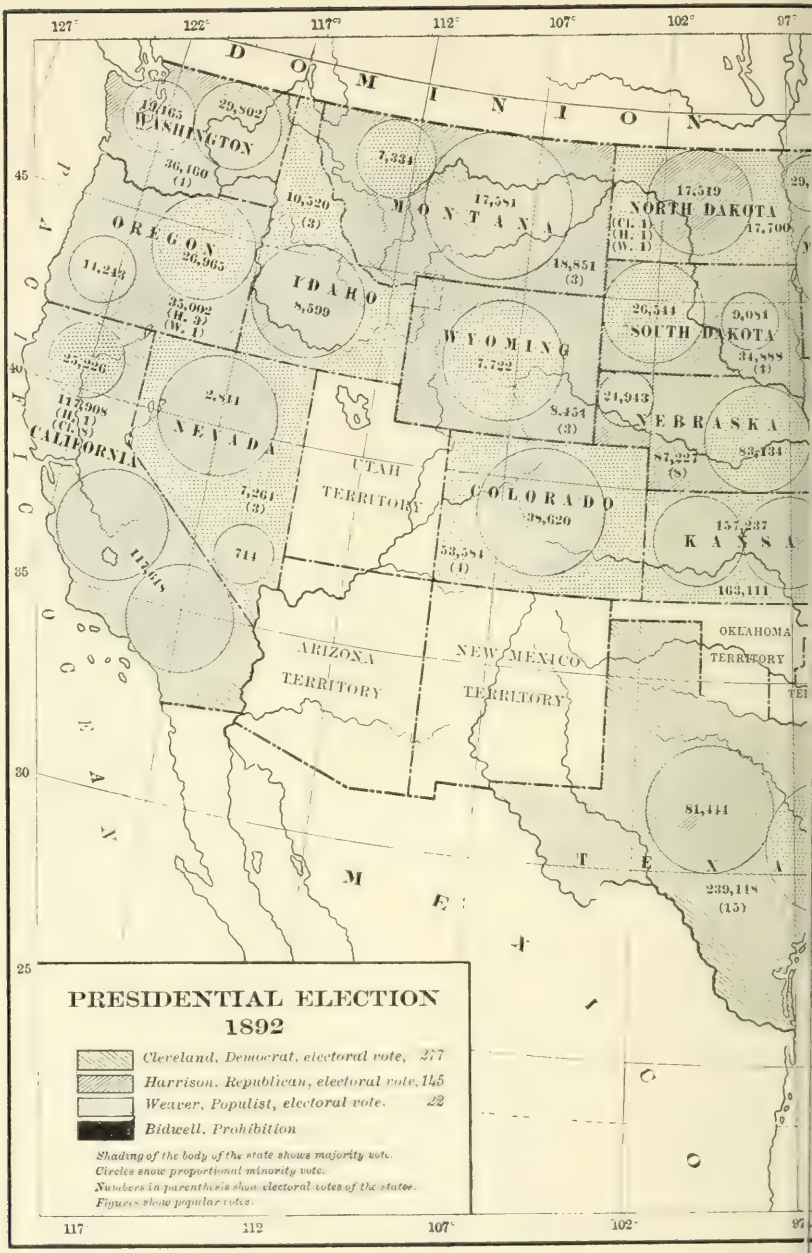
Many people were honestly convinced that legislation should favor the debtor; especially in the West, where the natural resources of the country were developing so rapidly, the population were borrowers: as such, they would not permit a policy which exalted gold at the expense of silver. If mortgages, principal and interest, were paid in gold, constantly enhancing in value, the agricultural sections would be ruined. The farmers were powerless to help themselves: they had no money and could get none at rates which would offer relief. When Wall Street needed more money, they said, the secretary of the treasury supplied it out of the public treasury, either by the purchase of bonds or by making deposits in the national banks; when the farmers' appealed, however, they were disregarded. The government, by limiting the coinage of silver, was accused of deliberately depreciating its value. As the treasury had already loaded itself with an enormous volume of silver, it was concluded that wise financial policy demanded that the value be maintained by giving still further opportunities for its use. The United States alone produced

[1] First National Silver Convention, *Proceedings*, 96.

more than half of the world's supply of silver, and, if Mexico were added, three-fourths. It was not necessary, therefore, to wait for international agreement. The United States must work out a financial policy of its own, and by independent action lift the price of silver to the level where it formerly stood. Silver, as an American product, demanded patriotic recognition; as the president said—"We are large producers of that metal, and should not discredit it."[1]

The underlying forces which gave rise to arguments of this character were little understood at the time. A most important factor was the effort of the population to readjust itself to diminishing supplies of free land. "The separation of the western farmer from the seaboard, and his environment, made him in a large degree free from European precedents and forces. He looked at things independently and with small regard or appreciation for the best Old World experience." "The pioneer had boundless confidence in the future of his own community, and when seasons of financial contraction and depression occurred, he, who had staked his all on confidence in western development, and had fought the savage for his home, was inclined to reproach the conservative sections and classes. To explain this antagonism requires more than denunciation of honesty, ignorance, and boorishness as fundamental western traits."[2] Nor did the West

[1] Harrison, in Richardson, *Messages and Papers*, IX., 41.
[2] Turner, in *Atlantic Monthly*, LXXVIII., 29 (September, 1896).


127°
122°
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D O M I N I O N
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19,465
WASHINGTON
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36,460
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7,334
10,520
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17,584
M O N T A N A
17,519
NORTH DAKOTA
(Cl. 1)
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(W. 1)
17,700
OREGON
26,965
14,243
IDAHO
8,599
18,851
(3)
35,002
(H. 2)
(W. 1)
25,226
W Y O M I N G
7,722
26,544
9,081
SOUTH DAKOTA
34,888
(4)
21,943
2,811
NEBRASKA
8,454
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117,908
(H. 1)
(Cl. 8)
CALIFORNIA
N E V A D A
87,327
(8)
83,134
UTAH
TERRITORY
7,264
(3)
C O L O R A D O
38,620
157,237
K A N S A
714
53,584
(4)
163,111
OKLAHOMA
TERRITORY
ARIZONA
TERRITORY
NEW MEXICO
TERRITORY
81,444
T E X A
239,148
(15)
PRESIDENTIAL ELECTION
1892
Cleveland, Democrat, electoral vote, 277
Harrison, Republican, electoral vote, 145
Weaver, Populist, electoral vote, 22
Bidwell, Prohibition
Shading of the body of the state shows majority vote.
Circles show proportional minority vote.
Numbers in parenthesis show electoral votes of the states.
Figures show popular votes.
117
112
107
102
97

92
87
82
77
72
67
45
40
35
30
25
C A N A D A
LAKE SUPERIOR
LAKE MICHIGAN
LAKE HURON
LAKE ERIE
LAKE ONTARIO
WISCONSIN
170,791
MICHIGAN
206,296
NEW YORK
609,350
MAINE
MASS.
R.I.
CONN.
VT.
N.H.
PENNSYLVANIA
432,264
OHIO
INDIANA
ILLINOIS
399,288
MISSOURI
226,918
KENTUCKY
VIRGINIA
NORTH CAROLINA
SOUTH CAR.
GEORGIA
ALABAMA
MISSISSIPPI
LOUISIANA
FLORIDA
ATLANTIC
OCEAN
GULF OF MEXICO
BAHAMA ISLANDS
CUBA
TROPIC OF CANCER
Latitude West 92 from Greenwich 87 82 77

give an accurate interpretation to the facts of mortgage indebtedness. A mortgage more frequently represented an ambitious effort to discount the future: by far the larger part of this indebtedness was assumed to enable debtors to purchase real estate, buy machinery, and make improvements.[1] Speculative hopes in the gifts of the future were too impatient, and oftentimes they were based upon insecure foundations. The natural result was disappointment. As these speculative hopes were accompanied by industry and toil, it was natural, likewise, to conclude that the personal loss was unjust, and that the responsibility must be placed upon some defect in national legislation.

[1] U. S. Eleventh Census, *Abstract*, 214.

CHAPTER XV

PRESIDENTIAL ELECTION OF 1892

(1892)

THE selection of candidates for the presidential campaign of 1892 was not marked by any special excitement. President Harrison enjoyed the confidence of his party, but personally was not popular, and was opposed by powerful leaders. He was abrupt, brusque, and cold in manner; a strict party man, he did not awaken party enthusiasm. Senator Quay was resentful that his resignation from the chairmanship of the National Republican Committee in 1890 was willingly acquiesced in by the president, who apparently had been impressed by the charges of Quay's malfeasance in office while state treasurer of Pennsylvania; and Senator Platt, of New York, opposed the president because, it was said, of the non-fulfilment of a bargain made at the convention of 1888, whereby Platt, in return for his support, was to enter the cabinet.[1] More influential than all, the old friends of Blaine believed that he was not receiving just recognition from his chief, and ought there-

[1] John Sherman, *Recollections*, 1029.

fore still to be elevated to first place in the honors of the party.

That, as secretary of state, Blaine did not achieve the reputation which was expected, was not altogether his fault. The protection of wandering, irresponsible herds of seals; the settlement of disputes over the murder of foreigners in the United States, and of Americans in a foreign country; the rights of the United States in the insignificant group of islands of Samoa, did not constitute an inspiring roll of topics for international negotiations. In the settlement of the Bering Sea question, Blaine had a weak cause to defend; in his answer to the demands of Italy on account of the massacre of Italians in New Orleans, he was obliged to acknowledge to a foreign country that lynching was a common practice in certain sections of the United States, over which the Federal government had no control; and in the Chilian negotiations he dealt with an unstable country, petulant and passionate in its demands, which made it difficult to maintain intercourse on a plane of dignified diplomacy. Blaine, indeed, will be chiefly remembered for his influence outside of the duties of the department of state in attempting to force the principles of reciprocity upon the fiscal policy of the treasury. There were rumors that the president and his secretary were not in accord; and, in 1891, there were signs that an effort would be made to nominate Blaine for president in the convention of 1892.

The drama of 1888 was repeated. Although Mr. Blaine declared, in February, 1892, that he was not a candidate for the presidency,[1] activity in his interest still continued. June 4, 1892, three days before the gathering of the Republican national convention, he suddenly resigned his secretaryship. No explanation was given in the brief and formal letter in which he conveyed his resignation to the president,[2] and it was difficult to interpret his action. Friends attributed it to ill-health, to fatigue with the wearisome labors of office, to the unjust criticisms continually heaped upon him, to disagreements with President Harrison on questions of public policy, or disregard of personal requests for appointments. It was said that President Harrison wrote with his own hand the ultimatum to Chile and also prepared the despatch to Lord Salisbury insisting upon the protection of seals pending diplomatic negotiations; and this interference was twisted by trouble-makers into evidence of discord between the president and his secretary. Others interpreted the resignation as a declaration of willingness by Blaine to accept the nomination: untrammelled by considerations of loyalty to his chief, it was thought he could enter the convention with a free hand, in the belief that his popularity would rally to his support the large majority of the delegates who, at best, felt little

[1] Stanwood, *Blaine*, 339.

[2] Dingley, *Nelson Dingley, Jr.*, 344, 345; Hamilton, *Blaine*, 705; Stanwood, *Blaine*, 235 et seq.

enthusiasm for Harrison. If there was any such expectation, it was disappointed. Delegates pledged to Harrison could not change over without the authority of their constituencies. In the convention held at Minneapolis, June 7, 1892, Harrison received 535 votes, Blaine 182, and McKinley 182. Whitelaw Reid, of New York, was nominated for vice-president.[1]

Among the Democrats there was a contest between the followers of Cleveland and Hill. Cleveland, engaged in the practice of law since his retirement from office, was called upon from time to time, by letter or by speech, to express his opinions on political questions. Unmoved by differences within his party, he never varied from the convictions, either as to silver or the tariff, which he had previously expressed while president. Governor Hill had been favored by a record of continuous success: for seven successive years he led his party from victory to victory and never met defeat. His progress, however, had not been an easy one; a partisan of partisans, he was constantly engaged in political warfare in his own state. He professed sympathy with electoral reform and the control of the liquor traffic, and yet vetoed bills which were passed by the legislature for these ends. He always appeared to be sparring for partisan advantage. Hill's dependence upon Tammany Hall, moreover, caused distrust, and convinced many that he was insincere. In 1891 he was accused of

[1] Stanwood, *Hist. of the Presidency*, 497.

"stealing" the state senate by coercing county clerks to return fraudulent certificates of election; and Maynard, the tool in this barefaced attempt to defeat the public will was subsequently defeated by an overwhelming vote when he was put forward by Hill for a judgeship. He displayed an unexampled shiftiness in his efforts to retain control of the "machine" in New York.[1]

In 1891 Hill was elected Federal senator, but deferred taking his seat until he had completed his plans for securing the presidential nomination. His political intrigues culminated in calling a state convention of the Democratic party in New York in February, 1892, far in advance of the usual time. It was expected that this "snap convention," in taking the supporters of Cleveland by surprise, would choose a Hill delegation while the Hill machine was in complete working order. Its early meeting was also designed to influence the action of delegate conventions in other states. In this programme Hill was successful, so far as the state of New York was concerned; but he left behind him a bitter factional fight between "snappers" and "anti-snappers."[2] Notwithstanding this defection, Cleveland continued to be the leading candidate. His availability was disturbed in 1891 for a short time

[1] A damaging sketch of Mr. Hill's political career is given in *Forum*, XVIII., 257 (November, 1894); see also *Review of Reviews*, V., 19, 26 (February, 1892).

[2] Position of "anti-snappers," in *Forum*, XIII., 169 (April, 1892).

by the sharp condemnation of silver coinage,[1] but the defeat, later in the year, of the Democrats in Ohio and in other states, where silver coinage was made the leading issue, turned those who wavered back to Cleveland. It was clear that if the Democrats were to win it must be on the issue of tariff reform, and on this question Cleveland stood supreme. On silver "we believe him to be wrong," said Senator Vest, "but honestly wrong, and he has as much right to his opinion as we have to ours. He can be elected on the issue of tariff reform; every Democrat should be willing to postpone the silver question to prevent Republican success." [2]

Hill's friends did not give up the fight, but pursued the contest until the end. Long after midnight, on the second day of the national party convention, at Chicago, June 21, 1892, Bourke Cockran, a Hill delegate from New York, in an eloquent speech of two hours, pleaded with the convention not to dismiss the claims of the democracy of his state. It was to no purpose: Cleveland was nominated on the first ballot, receiving 617 votes, or ten more than the two-thirds necessary for a choice. Adlai E. Stevenson, of Illinois, who had been assistant postmaster-general in Cleveland's first term, was nominated for vice-president.

At last the Democrats made an intelligible declaration in regard to the tariff. The committee on plat-

[1] See above, p. 231.
[2] *Public Opinion*, XII., 145 (November 21, 1891).

form first presented to the convention the traditional equivocal phrases on revision,[1] but these were abruptly abandoned by the adoption of a substitute paragraph containing the sweeping declaration that Republican protection was a fraud, a robbery of the great majority of the American people for the benefit of the few: "We declare it to be a fundamental principle of the Democratic party that the federal government has no constitutional power to impose and collect tariff duties, except for the purposes of revenue only."[2] The Democrats, however, were hardly prepared to go before the country on so radical a platform. Cleveland, in his letter of acceptance, while opposing the theory that revenue laws should be passed for the purpose of granting discriminating governmental aid to private ventures, stated that no exterminating war would be waged against any American interest. "We believe," said he, "that the advantages of freer raw material should be accorded to our manufacturers, and we contemplate a fair and careful distribution of necessary tariff burdens rather than the precipitation of free trade."[3]

The Populist party now entered the campaign as a national political organization. Beginning in 1890, efforts were made to unite the various organizations of farmers and laborers to work for common ends. Ridiculed at first as an organization of agrarian

[1] Stanwood, *Hist. of the Presidency*, 504. [2] *Ibid.*, 499.
[3] McPherson, *Handbook of Politics* (1894), 35.

agitators and humbugs, the Farmers' Alliance, by its rapid success, quickly aroused apprehension on the part of both Republicans and Democrats, and serious respect took the place of sneers. Scheming politicians, drawn from either party, labor leaders, single-taxers, and followers of Bellamy endeavored to capture the machinery of the Alliance and organize a third party. The Southern Alliance, fearful of political movements which might bring the negro into power, opposed independent action, and advised its members to support Democrats or Republicans who would pledge themselves to policies which would benefit the agricultural class. Contrary to the advice of the southern leaders, a call was made for a national convention at Cincinnati in May, 1891, to plan a political campaign; 1418 delegates were present, representing 32 states, though one-half came from Kansas and Ohio. Resolutions were adopted declaring that a new organization, the People's party, was necessary.

In the mean time the Farmers' Alliance arranged with the Knights of Labor to hold a national industrial conference at St. Louis in February, 1892. This meeting, which declared itself "the first great labor conference of the United States and of the world, representing all divisions of urban and rural organized industry," [1] gave added impetus to the third-party movement. After the final adjournment of the conference, the delegates in mass-meeting

[1] *Journal of the Knights of Labor*, June 30, 1892.

issued a call for a convention to meet in Omaha in the following July to nominate a candidate for the presidency. At this later convention, General James B. Weaver, of Iowa, was nominated for that office. The platform demanded a national currency, a free and unlimited coinage of silver, a graduated income tax, postal savings-banks, and the government ownership of monopolies.[1] The sub-treasury scheme was lopped off as an excrescence. During the campaign the Populists laid chief stress upon the need of a larger volume of money. They dwelt upon the decline in the price of farm products and the consequent difficulty of meeting fixed interest charges on mortgaged property. The greenback movement came to life again, but inflation was masked under the guise of a patriotic purpose to restore silver to the honor it enjoyed before the "crime of 1873."

The campaign was a quiet one. Cleveland, as well as Harrison, had been tried, and "scare" arguments were of little avail. The rancor of the veterans towards Cleveland was allayed, and at a meeting of the Grand Army Encampment in 1892 Cleveland emblems were frequently displayed. The Democrats kept the silver issue in the background save in those states where the inflationist movement was strong; here fusions were made between the Democrats and the People's party. Nor could the Republicans safely force the fighting on the money ques-

[1] Stanwood, *Hist. of the Presidency*, 509.

tion; instead, they concentrated their arguments upon the maintenance of the protective tariff. The popular opposition to the McKinley schedules was not so great as in 1890, for with the lapse of time industrial conditions had been adjusted and, save for embarrassments in the money market, there was general industrial prosperity. The Democrats, on the other hand, did not emphasize the revenue principle which they had incorporated into their platform. The conviction became general that the Democrats, if successful, would still tolerate protective duties, even though such duties were "frauds" and unconstitutional.

The Democrats were greatly aided by a recurrence of serious labor disturbances which took place in 1892. The most violent of these was in Homestead, an industrial suburb of Pittsburg, Pennsylvania. In July the Carnegie Company gave notice of a reduction of wages, and refused to recognize the Amalgamated Association of Steel and Iron Workers.[1] Although the wage revision applied to only a small portion of the employés, the workmen interpreted the reduction as a determined intention on the part of H. C. Frick, general manager of the works, to destroy unionism, root and branch. The new terms were rejected. The company, deeming the protection which could be given by the sheriff and local officials inadequate, gathered together a large body of Pinkerton detectives; militiamen were sworn in

[1] Bridge, *Inside Hist. of the Carnegie Steel Co.*, 204.

as constables and deputies; and when these forces endeavored to enter the mills, they were fired upon by the strikers. For several days there was actual warfare;[1] the strikers intrenched themselves behind steel rails and billets, and fired upon the detectives with cannon; and when wounded men of the detectives' ranks sought shelter with the strikers, they were set upon by mobs of men and women and all but torn to pieces. The governor was called upon by the sheriff for aid, and, after some delay, ordered the entire militia force of the state, eight thousand in number, to Homestead, and martial law was declared. Under this protection the management slowly substituted non-union workmen; and when the strike ended, November 20, less than a thousand of the five thousand old employés were able to secure employment.

This conflict aroused attention throughout the country, and was accompanied by incidents which gave rise to grave forebodings as to the stability of republican institutions. The masters were denounced for attempting to maintain their rights by an armed force unknown to law, as well as for not recognizing organized labor; and the public authorities were criticised for not maintaining order. Extreme positions were taken on both sides. The organ of the Knights of Labor justified the workingmen in Homestead "in holding their own against the hirelings of the exploiter who came to displace

[1] Bridge, *Inside Hist. of the Carnegie Steel Co.*, 213–223.

them."[1] The advisory committee of the strikers, in an address to the public, put forward the claim that in the mills the workmen and the public, as well as the owners of capital, had a proprietary interest; that the workmen had an inalienable right to continuous employment; and that the public had the right to interfere when there was a disagreement between the workmen and the company. Further apprehension was caused by the attempt of a half-crazed anarchist to assassinate Frick, an unpopular steel manager;[2] and public misgiving was again directed into another channel when a private in the Pennsylvania militia was inhumanly tortured by his officers for publicly expressing sympathy with the act.[3]

Socialism made converts under the evidence that the individualistic system of competition had broken down. A United States senator, Palmer, of Illinois, previously mentioned for the presidency, declared in the Senate that great establishments like Carnegie's must be treated like public institutions, subject to public obligations like railroads. New conditions of society, it was said, had arisen; laborers who had spent their lives in a peculiar line of work had the right to insist upon a reasonable compensation for their services.[4] A new impulse was given to the demand for compulsory arbitration. The amalga-

[1] *Journal of the Knights of Labor*, June 14, 1892.
[2] Bridge, *Inside Hist. of the Carnegie Steel Co.*, 224.
[3] *Ibid.*, 229. [4] *Cong. Record*, 52 Cong., 1 Sess., pt. vi., 5824.

mation and power of laborers' organizations were held to constitute a new evolution of industrial society, which required a corresponding evolution of the law regulating conditions between capital and labor.[1] Of permanent consequence also was the discussion over the increasing use of Pinkertons and the employment for private purposes of armed bodies of men or detectives in times of labor disputes.[2] On the one side, the Pinkertons, branded as mercenaries and hirelings, were charged with treason, and were said to be employed not only to protect the property of employers, but to incense the populace and provoke it to violence, as an excuse for the calling-out of troops; on the other hand, they were defended as watchmen engaged in guarding property when public authorities were dilatory in affording protection.[3]

Of more immediate concern was the effort which the Democrats put forth to make capital for tariff reform by pointing to the failure of a highly protected industry to satisfy labor. To what purpose, they asked, were the boasts of protectionists, if beneficiaries of the tariff in the steel industry, which had been so generously cared for, could not live in peace with their employés? In the South, Democrats shrewdly made the force bill the issue. Al-

[1] Lyman Abbott, in *Arena*, VII., 30; discussion continued by C. D. Wright, in *Forum*, XV., 323 (May, 1893).

[2] *Investigation of the Employment of Pinkerton Detectives*, by House committee on the judiciary, in *House Misc. Docs.*, 52 Cong., 2 Sess. No. 335. [3] *Nation*, LV., 60 (July 28, 1892).

though the Republicans had practically dropped the subject and made no specific reference to it in the national platform, the Democrats harped on the danger of its revival,[1] and thus helped to keep the solid South intact. The old fear of negro domination was reawakened, and the silence of the Republicans was interpreted as a plot to deceive the voters. In the elections in November the Democrats were successful. Cleveland received 277 electoral votes, Harrison 145, and Weaver 22. The popular vote was 5,556,543 for Cleveland, 5,175,582 for Harrison, and 1,040,886 for Weaver.[2] The Democrats also secured possession of both branches of Congress, which would begin to sit in 1893.

[1] *Review of Reviews*, VI., 517 (December, 1892).
[2] Stanwood, *Hist. of the Presidency*, 517.

CHAPTER XVI

MAINTENANCE OF THE GOLD STANDARD (1893–1896)

IT is necessary here to turn back to an examination of treasury finance and of certain commercial influences which were combining to threaten the credit of the government under the silver law. The gold reserve was now called upon to perform a double duty: it was obliged to protect not only the legal-tender notes of the Civil War, but the new and expanding volume of treasury notes authorized by the act of 1890. To the earlier issue of $346,000,000 must be added the yearly increase of $54,000,000 of credit notes, all of which could seek redemption at the treasury.[1] How long could the prop be sustained? On June 30, 1890, the gold reserve was $190,000,000; in a year it fell to $117,000,000; and in 1893 it was only $95,000,000. This decline could not be attributed wholly to the more liberal coinage of silver. The collapse of Argentine credit in 1890 disturbed the money markets of the world; England, in particular, was affected, and the banking-house of Baring Brothers came perilously near to

[1] Dewey, *Financial Hist. of the U. S.*, 442.

complete insolvency. American securities were freely sold on English account, and gold was demanded in payment.[1] To secure this bullion, legal-tender notes were presented to the treasury for redemption. At the same time, the character of customs receipts changed: for a long time before the act of 1890 went into operation, at least 85 per cent. of the import duties were paid in gold; by January, 1891, however, it was noted that legal-tender notes were being used in increasing amounts. After February, 1892, the gold receipts were insignificant, ranging in no month during that year above 19 per cent.[2]

The analysis of the state of industry and commerce is not so easy. To the ordinary observer there were many signs of prosperity. The year 1892 was distinguished by a volume of business transactions unsurpassed in the history of the country. Foreign trade was beyond precedent;[3] railroads increased their tonnage; the money market was favorable to business; and the amount of liabilities involved in business failures was less than it had been for ten years.[4] Though the crops did not reach the enormous yield of 1891, they compared well with previous records. Iron production was also at a high level. More accurate students of commercial affairs, however, discovered other influences at work which might

[1] *Financial Chronicle*, LII., 9; Noyes, *Thirty Years of Am. Finance*, 158; Conant, *Hist. of Modern Banks*, 524.
[2] Dewey, *Financial Hist. of the U. S.*, 444.
[3] *Financial Review* (1893), 1. [4] *Ibid.*, 2.

mean trouble, if not disaster: prices of breadstuffs were low and declining; the heavy gold exports continued. This loss by itself was not necessarily significant, for trade statistics frequently give evidence of an unfavorable balance against the United States without disastrous consequences. The forces, however, which were now drawing gold out of the country did not act in a normal manner.[1] As a rule, foreign exchange is favorable to the United States for a portion of the year, particularly in the latter months, when crops are sent abroad. But in 1892, from February onward, month by month without exception, the rates of exchange touched the outward shipping-point. The net loss of gold was $59,000,000 as compared with $34,000,000 in 1891.

Not only were the imports of merchandise large as compared with the purchasing power of merchandise exported, but, more important, foreigners did not invest so liberally in American securities. A considerable part of foreign indebtedness had to be settled by gold shipments instead of by stocks and bonds. Speculation in the new great industrial companies also undermined the stability of the financial structure. The earnings of the trusts had not yet been proven; they expected generous profits on inflated capitalization, and the uncertainty of their realization afforded a congenial opportunity for the speculative trader. At times the Stock-Exchange dealings in "industrials" far exceeded the business in rail-

[1] Sec. of Treasury, *Finance Report* (1891), 146.

road shares. Violent fluctuations in the prices of securities were also portentous: during 1892 and the early months of 1893 Sugar ranged from 78 to 134; Cordage, from 91 to 147; Distilling and Cattle-feeding, from 36 to 72; and Lead, from 30 to 52. A wider and wider circle of speculative operations was drawn into the gambling whirlpool. Doubt as to legislation, affecting not only the currency but also the tariff, contributed to business uneasiness. As the commercial mechanism of the country became more highly developed, its sensitiveness increased,[1] and there were misgivings, the origin of which could not be accurately traced. A cloud of apprehension seemed to settle over the country, not that a revision of the tariff or a new monetary system was in itself feared, but blind uncertainty as to the future paralyzed action.

New foreign factors contributed to weaken the foundations of American credit. The money market of Europe was abnormal, owing to the scramble for gold. In 1892 Austria-Hungary decided to resume specie payments, and consequently searched the money markets of the world to provide a redemption fund for gold.[2] Russia mysteriously gathered gold for purposes not then known,[3] and the Bank of France added to her supply to support an increased note circulation.[4] The declining credit of Australian

[1] A. C. Stevens, in *Forum*, XVI., 22 (September, 1893).
[2] *The Economist* (London), L., 947, 1102.
[3] *Financial Review* (1893), 24.
[4] *The Economist* (London), LI., 71.

colonies added to the distrust which prevailed in Great Britain after the Baring collapse of 1890, and, upon the failure of many colonial banks early in 1893, English bankers showed renewed caution and made efforts to strengthen their reserves. To these several demands for gold the United States was not insensible, and bankers replenished their supply by freely presenting legal-tender notes at the treasury for redemption in gold.

Though outwardly there was little disturbance in the money market, bankers were more cautious in undertaking loans for railroads. For years large railroad systems, burdened with heavy interest charges, had struggled along with varying fortunes. Some had staved off bankruptcy by new borrowings; others, aided by the transportation of the large crop of 1891, were delaying the day of reckoning. The first open break in the superficial signs of prosperity was the bankruptcy of the Philadelphia & Reading Railroad, accompanied by a stock panic, February 20, 1893. Money rates rose, and, as gold exports continued, securities in which speculation played a part fell in value. The financial condition of the public treasury was strained to a high tension. Lessening revenue and increasing expenditures slowly but surely converted surpluses into deficits; and, with a change in the character of government receipts, the gold reserve crumbled away early in February. It was on the point of falling below the traditional point of safety when a few banks in New

York loaned to the government on call six millions of gold. The treasury delayed to meet requisitions, and by such temporary expedients, during the closing days of Harrison's administration, "paddled along" and endeavored to give the lie to critics who declared that the treasury was "bankrupt." [1] Nevertheless, preparations were made for an issue of bonds. It was in the midst of these perplexities that the direction of the finances was handed over to Cleveland's second administration, March 4, 1893.

President Cleveland's choice of a cabinet upon his return to power was a surprise. Only two of his official counsellors, John G. Carlisle, of Kentucky, secretary of the treasury, and Hilary A. Herbert, of Alabama, secretary of the navy, could be regarded as experienced party men. Of the others, only one, Judge Gresham, for the state department, was well known, and until the previous year he had been a Republican. As it was believed that he would have gladly accepted the Republican nomination for president, and had even considered a nomination from the Populists, many Democrats thought that his appointment was an altogether too generous recognition of low-tariff Republicans. Gresham's management of affairs with Hawaii, as will be seen,[2] did not appease the indignation of the Republicans over his apostasy, or enlist the confidence of the Democrats. Northerners were dis-

[1] Secretary Foster, in *House Reports*, 52 Cong., 2 Sess., No. 2651.

[2] See below, p. 300.

turbed by the nomination of Hoke Smith, of Georgia, for secretary of the interior, which had supervision of the pension bureau. The selection of Daniel S. Lamont, of New York, Cleveland's private secretary during his first administration, for secretary of war, and of W. S. Bissell, the president's former law-partner in Buffalo, for postmaster-general, were regarded as due more to personal friendship than to political reasons. They did not serve to placate the hostility of Tammany and the machine leaders of New York. J. S. Morton, of Nebraska, secretary of agriculture, and Richard Olney, of Massachusetts, attorney-general, were comparatively unknown in public life.

Much pressure was brought to urge the president to call at once a special session of Congress to reform the tariff laws;[1] indeed, there was some hope that it would be possible to repeal the Sherman act without delay. The president was also advised to sell bonds to strengthen the gold reserve. To none of these appeals did he yield; he was by no means certain that Congress would abandon silver, and apparently he hesitated to borrow money without a fresh authorization from Congress. For a time a drifting policy was followed, but public apprehension was increased when Secretary Carlisle, on April 15, gave notice that the further issue of gold certificates for gold deposited in the treasury would be suspended. The gold reserve had fallen below one hundred million

[1] *Public Opinion*, XIV., 150, 171, 195.

dollars, and, although the daily treasury statement, which was available to all, gave steady evidence of treasury embarrassments, this formal declaration aroused a sudden alarm on the part of those who interpreted the action as a suspension of gold payments in redemption of treasury notes. Nor was distrust allayed when Carlisle announced that the treasury would pay gold for all treasury notes so long as it had "gold lawfully available for that purpose." [1] This was construed to mean that the secretary of the treasury doubted his legal power to use the gold reserve of one hundred million dollars for the redemption of the treasury notes of 1890.

The president came to the rescue and declared, April 24, that the administration would exercise every power "to keep the public faith and to preserve the parity between gold and silver and between all financial obligations of the government." [2] In the opinion of some authorities this declaration would have been strengthened by an additional and specific pledge that the treasury would sell bonds for gold to any extent to maintain specie payments; but apparently the administration was not as yet convinced that it possessed adequate power. Public attention was now focused on the gold reserve; its ups and downs were eagerly read as the barometer of public and private credit. Disasters followed quickly. Anticipation of poor crops at home and abroad

[1] Noyes, *Thirty Years of Am. Finance*, 186.
[2] *Financial Chronicle*, LVI., 690.

and a renewal of a railway war between great trunk lines intensified anxiety. Confidence in the management of "trusts" received a severe shock in the failure of the National Cordage Company in early May, 1893, only five months after the declaration of a stock dividend of 100 per cent. Another stock panic occurred, and banking institutions refused to meet the demands of borrowers. Many banks, terror-stricken, refused to grant ordinary credits on any terms, and old-established business houses were crippled.

New York banks refused to rediscount notes offered by interior institutions, and this tightening of credit led to the suspension of banks in the South and West. In June, banks in New York issued clearing-house certificates which were practically loans to embarrassed banks upon acceptable security, and for a brief moment relieved the money market. Within a few months, fifty-five million dollars of clearing-house certificates were issued in New York, Boston, and Philadelphia, or a third of the total circulation of those banks. The downward movement could not be stayed. In June the Erie Railroad failed. The closing of the mints in India to private coinage unsettled the value of silver, the price in London falling, in less than a week, from $37\frac{1}{2}$ to $30\frac{1}{2}$ pence per ounce. The hope that silver might be supported by an international agreement was for the time being destroyed. Mines in the West were closed, and in Colorado industry came almost to a stand-still;

securities of all railroads and industrials fell,[1] and banks met the demands for funds only by increasing the amount of clearing-house certificates and by encroaching upon their legal reserves. Banks in New York refused to cash checks of depositors except in small amounts. By August, currency was at a premium of three per cent.

On June 30, Congress was summoned to meet August 7.[2] The excitement of the silver men became intense. It was seriously charged that Mr. Bayard, an avowed monometallist, was selected as ambassador to Great Britain for the purpose of plotting against silver; that the suspension of coinage in India was the result of a conspiracy to give the president arguments for the convening of Congress; that the great money lords in New York had planned the panic; and that gold had been shipped abroad, not in response to commercial demands, but to straiten the money market and thus influence public opinion in favor of repeal.[3] The administration was accused of disobeying the law requiring the monthly purchase of silver, thereby depriving the Colorado smelters of their customary market and causing the failure of banks in Denver. The call for the extra session was denounced as "inflammatory"; bankers were censured for being the first

[1] Conant, *Modern Banks*, 536.

[2] Richardson, *Messages and Papers*, IX., 396.

[3] Senator Stewart, in *North Am. Rev.*, CLVII., 517 (November, 1893); speech of Senator Teller, in *Cong. Record*, 53 Cong., 1 Sess., 1352.

alarmists; if they had loaned money, protecting themselves by high rates, instead of over-cautiously hoarding their funds, it was urged that they might have tided over disaster and prevented the crisis. Other critics, more solicitous for an increase in the volume of currency, irrespective of the use of silver, declared that no concessions must be made unless expansion of circulation was provided for by the removal of the tax on state bank-notes.

The situation was confusing. The silver wing of the Democratic party had joined in the condemnation of the Sherman act expressed in the platform of 1892, not because of friendship for gold, but because of a conviction that the act was a trick to defeat the restoration of silver. Would this wing, however, agree unconditionally to repeal that act without some substantial provision for the use of silver in the future? On the other hand, the gold party questioned whether it was wise to secure repeal by granting the re-establishment of state bank issues. If this substitution were insisted upon, would it not be better to stand by the Sherman act, which, after all, had definite limits of inflation, as compared with the unknown possibilities of mischief inherent in an unregulated currency of state origin? Silver revenue-reformers asserted that the panic was due, not to the act of 1890, but to the McKinley tariff, the iniquities of which Democratic leaders had been zealously exposing for three long years.

President Cleveland, in his message of August 8,

1893, at the opening of the special session, took a definite stand: he demanded the unconditional repeal of the silver-purchase law, and refused to complicate the question by suggestions of other monetary legislation.[1] The House of Representatives acted promptly, and agreed, August 28, to the repeal by 239 to 109. A little over a third of the Democrats, and of the Republicans less than a fifth, made up the negative. In view of previous votes, this action may well occasion surprise, but intense pressure was brought to bear upon congressmen who were now no longer face to face with their constituencies. Reports of the prostration of business in every section of the country were massed at a single point, and the responsibility of each member to provide relief was impressed upon the representatives. Anything was held to be better than present conditions. Many, therefore, waived their convictions in regard to silver, and voted for repeal, though a strong free-silver minority held out to the end, and from 101 to 125 votes were mustered in favor of amendments for free coinage at ratios of 16 to 1, 17 to 1, 18 to 1, 19 to 1, and 20 to 1.[2] On the proposition to revive the Bland-Allison act of 1878 there were 136 ayes. It was during this debate that Representative William J. Bryan, of Nebraska, first attracted national attention as an eloquent advocate of the cause of silver.[3]

[1] Richardson, *Messages and Papers*, IX., 401.
[2] McPherson, *Handbook of Politics* (1894), 155.
[3] Bryan, *First Battle*, 77.

In the Senate, Voorhees, chairman of the finance committee, formerly an advocate of free silver, reported a bill for repeal, with, however, the pledge of the Democratic platform in favor of bimetallism tacked on as an amendment.[1] Only a few of the silver senators followed Voorhees' example in support of the administration. The Senate took its time for leisurely deliberation, and entered upon another long debate, in which the silver question in all its aspects, historical and theoretical, was threshed over at wearisome length. Senator Jones, of Nevada, made a speech which filled a hundred pages of the *Congressional Record*. Seven states interested in silver-mining, with only one-sixtieth of the population of the country, had about one-sixth of the total vote of the Senate. Senators from these states, when denounced as obstructionists, acknowledged the charge and declared that so grave a situation demanded exceptional methods of opposition. They declined to surrender the partial use of silver for fear that President Cleveland would veto any future bill in the interest of silver. Members in favor of repeal disliked to change the rules by introducing the closure; they did, however, endeavor to exhaust their opponents, and held a continuous session of thirty-eight hours. The attempt failed; a small band of the faithful once more in relays rehearsed the claims of silver; Senator Allen, of Nebraska, spoke for fourteen hours.[2] In silver states, Teller,

[1] *Cong. Record*, 53 Cong., 1 Sess., pt. i., 445. [2] *Ibid.*, pt. ii., 2396.

Jones, Stewart, Morgan, and Allen were regarded as heroes, champions not only of silver, but of liberty of debate. In the East they were denounced, sober critics declaring the Senate to be the most dangerous feature in the Federal system;[1] it had degraded itself, and did not perform its constitutional functions.

Other considerations contributed to delay. Republicans were counselled to oppose all monetary legislation until pledges could be secured that the Democrats would not repeal the Federal election laws. The president was charged with endeavoring, in the exercise of the appointing power, to influence improperly the legislative branch of the government; and exceptions were taken to his open criticism of the delay of the Senate (as expressed in a letter to Governor Northen, of Georgia, September 25)[2] while that body was still discussing the repeal measure. The debate became more bitter when it was announced that the treasury, during the months of July to September, had purchased but 8,923,000 ounces of silver instead of the full complement of 13,500,000 ounces demanded by the law of 1890. For fourteen days in the last half of October the Senate did not formally adjourn. The silver party finally, on October 30, surrendered by a vote of 43

[1] *Harper's Weekly*, October 21, 1893; see other comment in *Public Opinion*, XVI., 69; H. von Holst, in *Forum*, XVI., 263 (November, 1893).

[2] McPherson, *Handbook of Politics* (1894), 263.

to 32, or, reckoning pairs, 48 in favor (22 Democrats and 26 Republicans) to 37 against (22 Democrats, 12 Republicans, and 3 Populists). One slight concession was secured in an amendment that the government would endeavor to secure bimetallism by means of international agreement.

During this long delay business and trade severely suffered. Between May and October national bank deposits were diminished by $378,000,000, and loans by about as much. A complete account of bankruptcy and loss cannot be given, but, during 1893, 642 banks failed, and the liabilities of mercantile failures amounted to $347,000,000, as compared with $226,000,000 in the panic year of 1884. Not since 1878 had there been so slight an increase in railway construction, and 22,500 miles of railway went into the hands of receivers. Iron production fell off by nearly one-fourth.

After the repeal of the silver-purchase act, it was seriously concluded in the East that the advocates of silver had had their Waterloo and that they were now going to their St. Helena.[1] There was also belief that there would be no further need of currency legislation, at least not in the near future. Eastern bankers who held the silver act of 1890 responsible for the panic of 1893, now besought Congress to let monetary questions of every character alone. Secretary Carlisle, in December, 1893, declared that so radical a change had been made in the policy of the

[1] *Nation*, LVII., 45, 144, 376.

government respecting currency legislation, that he did not think it advisable to make further specific recommendations.[1] The expectation, however, that the silver party was slackening its activity proved to be an empty hope.

The successful administration of national finance was threatened from another quarter. The treasury suffered for lack of revenue: it was spending more than its income, and at the same time endeavoring to maintain the parity of gold and silver in the face of adverse trade conditions. Month by month the treasury ran behind until it was obliged to use the gold reserve not only for redemption but also to pay its ordinary expenses. Fears were entertained that "pensioners and other creditors" would be "subjected to great delay and inconvenience."[2] In view of the peril, Secretary Carlisle asked Congress for authority to sell bonds to supply deficiencies in the public revenues.[3] Under the resumption act of 1875, the secretary was already empowered to sell certain kinds of bonds, as described in the act of July 14, 1870, for the purpose of providing gold to redeem legal-tender notes; but the terms of sale prescribed in this act, passed when the public credit was impaired, were altogether too onerous to the government to be regarded with favor in 1893. Congress, however, refused to help the treasury to borrow under more advantageous conditions. The

[1] Sec. of Treasury, *Finance Report* (1893), lxxiv.
[2] *Ibid.*, lxxi. [3] *Ibid.*, lxx.

silver party had reached the limit of its concessions, and insisted that the silver in the treasury should divide with gold the burdens of redemption placed upon the government. Although Carlisle, in his December report, spoke with doubt of the powers which the executive already possessed in borrowing money, within a month he was driven to call them into operation. The gold reserve sank to $70,000,000, and this feeble prop had to support the credit of $500,000,000 of treasury notes, nine-tenths of which were in active circulation.

January 17, 1894, bids were invited for $50,000,000 five-per-cent. bonds redeemable in ten years; payments were to be made in gold; and, to offset the high rate of interest demanded by the law of 1875, it was announced that no offer would be considered except at a premium of over seventeen per cent., which would put the bonds on a three-per-cent basis. A storm of criticism broke out from the silver party, not only on the ground that the secretary was overstepping his powers, but that he scorned silver in demanding that the new bonds be paid for in gold. The impeachment of Carlisle was called for; and efforts were made to frighten investors by threats that the proposed issue was illegal. The Knights of Labor applied for a judicial order enjoining the secretary of the treasury from making the sale. The judiciary committee of the House resolved that the proceeds of the loan could not be used for current expenses. The administration stood isolated; capitalists looked

askance, for since the bonds thus to be issued were, under the act of 1875, redeemable in "coin" and not specifically in gold, the conditions of sale at the premium named were not attractive. Investors were suspicious and demanded clear and unmistakable language as to the terms of ultimate redemption. Ten days slipped by with few offers. Finally Carlisle went to New York, and by a personal appeal to bankers placed the loan,[1] which realized the net proceeds of $58,661,000.

The treasury, however, was chasing a phantom. In order to obtain gold with which to make subscriptions, some of the subscribers withdrew it from the treasury by the presentation of legal-tender notes; $24,000,000 of gold were thus transferred from the treasury to subscribers and back to the treasury. An "endless chain," ever dipping its buckets into the treasury, was in automatic operation, and there appeared to be no way of stopping it. "The inclination of timid citizens to take gold from the treasury for hoarding had grown by what it fed upon."[2] Congress not only would not aid the treasury, but showed its adverse temper by passing a bill for inflating silver currency still further by the coinage of "the seigniorage," or accumulated value of purchased silver in weight of dollars above the cost in gold values, amounting to $55,000,000. Just what the bill meant was not entirely clear, for the

[1] Noyes, *Thirty Years of Am. Finance*, 214.
[2] Cleveland, *Presidential Problems*, 141.

silver purchased against which "coin" notes had been issued was depreciated in value. Was it proposed, asked a critic, "to coin a vacuum"? The vote in the House was 168 to 129; in the Senate, 44 to 31. The president vetoed the bill on the ground that coinage was not safe unless the treasury had power at the same time to sell bonds at a low rate of interest in order to protect with gold the baser money; while the country was recovering, nothing should be done to check its "convalescence." [1] The vote in the House on the motion to override the veto showed that the president and his party, as represented in Congress, were far apart: only 56 Democrats supported the veto as against 120 in opposition.

Trade necessities led to continual withdrawals of gold, and on August 7 the reserve fell to $52,189,000. In November, Carlisle asked for a second loan of $50,000,000. The response of the money-lenders was more generous, but, as before, legal-tender notes were presented at the treasury to provide the gold demanded in exchange for bonds. The endless chain was "never near a final rest." [2] The drain of gold was not stopped. In January, 1895, the withdrawals amounted to $45,118,000; nor were these withdrawals due to the demands of foreign exchange, but rather to public alarm "on account of the critical condition of the treasury." [3] Again the president,

[1] Richardson, *Messages and Papers*, IX., 484. [2] *Ibid.*, 553.
[3] Sec. of Treasury, *Finance Report* (1895), lxix.

in a special message, January 28, 1895, portrayed the embarrassments of the treasury and suggested the issue of fifty-year gold bonds for the redemption and cancellation of all the legal-tender notes.[1] To this appeal Congress remained obdurate. The gold reserve dropped to $41,000,000.

As the previous methods of securing gold proved inadequate, Mr. J. Pierpont Morgan, a banker of New York, was invited to the White House to advise in regard to the situation, and an interview was held there on the evening of February 7, 1895. In the opinion of the silver advocates this marked the final degradation of the government, the sacrifice of national sovereignty to Wall Street. There were present at this conference, President Cleveland, Secretary Carlisle, Attorney-General Olney, Mr. Morgan, and a clerk. Mr. Morgan complained of the treatment he had received from the treasury officials in the negotiation of an arrangement which he thought he had been encouraged to perfect in connection with the disposal of a former issue of bonds.[2] President Cleveland gave little attention to this, and immediately entered upon a discussion of the difficulties confronting the treasury. Would a new issue of bonds be taken at a good price at short notice? and, in case there should be imminent danger of the disappearance of what remained of the gold reserve during the negotiation of a sale of bonds, could a sufficient

[1] Richardson, *Messages and Papers*, IX., 561.
[2] Cleveland, *Presidential Problems*, 148.

amount of gold be temporarily obtained from New York to bridge over the crisis. The replies of Mr. Morgan were not encouraging.

Mr. Morgan then suddenly asked the president why the treasury did not buy $100,000,000 in gold at a fixed price, and pay for it in bonds. This was a new proposition, but it was agreed that the law authorized such a transaction.[1] On the next day it was announced that an agreement with bankers for the purchase of gold would be executed unless Congress would authorize the issue of gold interest-bearing bonds. As Congress did not act, a contract was entered into, February 8, 1895, with the banking-houses of Morgan, Belmont, and Rothschild for the purchase of 3,500,000 ounces of gold, to be paid for in bonds. In the hope of breaking the endless chain, the contract provided that the lenders would, as far as lay in their power, use their influence to protect the treasury against the withdrawals of gold. One-half of the gold was to be purchased abroad. The price paid per ounce for the gold was fixed at $17.80441, which gave the syndicate a four-per-cent. bond running for thirty years at a price of 104.

The denunciation which followed the earlier bond issues was repeated tenfold. The president was attacked for making a secret contract. It was asserted that he was affected by improper influences: Mr. Morgan was a former client, and Mr. Stetson,

[1] Cleveland, *Presidential Problems*, 148–150.

Morgan's legal adviser, had formerly been a law-partner of Mr. Cleveland. The terms of the sale of the bonds were criticised, because the old four-per-cent. bonds were quoted in the open market at 110. Experts also declared that it would be impossible to control the flow of international currents of gold, and that gold would leave the country in response to the demands of commerce,[1] irrespective of the efforts of financiers.

For making a private contract, the supporters of the president pleaded emergency: there was no time for prolonged negotiations; it was impossible to test the money market; the terms named by the syndicate must be accepted. In accordance with the contract, $62,315,000 of bonds were delivered in return for $65,116,000 of gold. Subscriptions to these securities, when offered by the bankers to the public, amounted in the United States to nearly seven times, and in England to more than sixteen times, the entire amount of the issue. As the bonds were immediately sold to investors at $112\frac{1}{4}$, the syndicate appeared to realize an excessive profit. On the other hand, the bankers incurred risk in placing the bonds, and they were obliged for months to sell bills of exchange at a loss in order to prevent the shipment of gold. The real justification for the transaction, on its face so unprofitable to the government, lay in the extraordinary provision whereby gold ship-

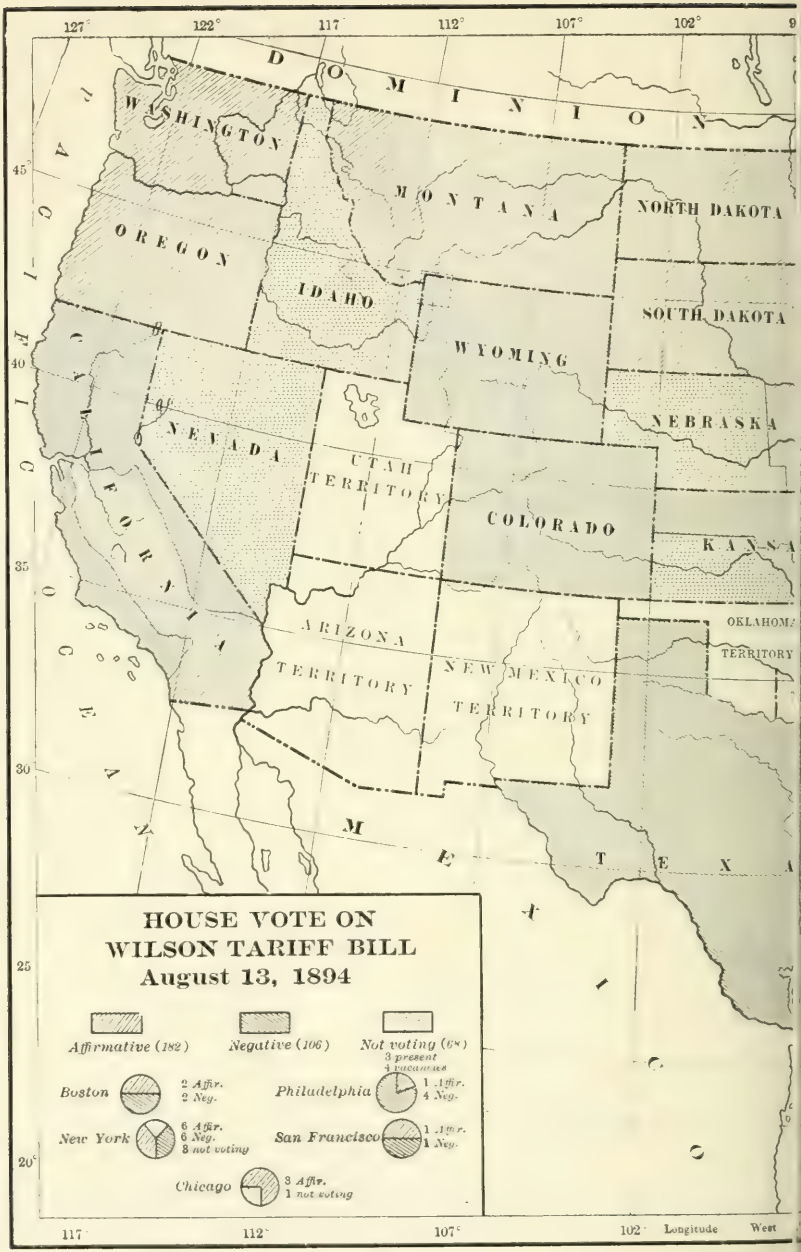
[1] *The Economist* (London), February 23, June 15, July 6, August 10, 1895.

ments were, if possible, to be checked; the net gain to the promoters, the syndicate claimed, was small.

Whatever may have been the need of this negotiation, it was politically unfortunate for President Cleveland. He was accused of cowardice in yielding to money-lenders. Silver advocates and Populists found new evidence for the charge that he was a tool of bankers, and the break between the president and the silver wing was complete. The Democratic party, said Mr. Bryan, owed nothing to the president: "What gratitude should we feel? The gratitude which a confiding ward feels towards his guardian without bond who has squandered a rich estate. . . . The gratitude which a passenger feels towards the trainman who has opened a switch and precipitated a wreck. What has he done for the party? He has attempted to inoculate it with the Republican virus, and blood poisoning has set in." [1]

For a time the treasury was relieved. Industry and commerce revived in 1895, but public revenue was not adequate to support the financial operations of the government, and trade currents were still adverse.[2] When the terms of the Morgan-Belmont contract expired, normal forces once more worked unchecked. Still anxious for legislative assistance, the president again, December 20, 1895, described the financial plight of the government in a special

[1] Bryan, *First Battle*, 136.
[2] Noyes, *Thirty Years of Am. Finance*, 248.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NEVADA
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COLORADO
KANSAS
ARIZONA TERRITORY
NEW MEXICO TERRITORY
OKLAHOMA TERRITORY
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HOUSE VOTE ON
WILSON TARIFF BILL
August 13, 1894
Affirmative (182)
Negative (106)
Not voting (68)
3 present
4 paired
Boston
2 Affir.
2 Neg.
Philadelphia
1 Affir.
4 Neg.
New York
6 Affir.
6 Neg.
8 not voting
San Francisco
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1 Neg.
Chicago
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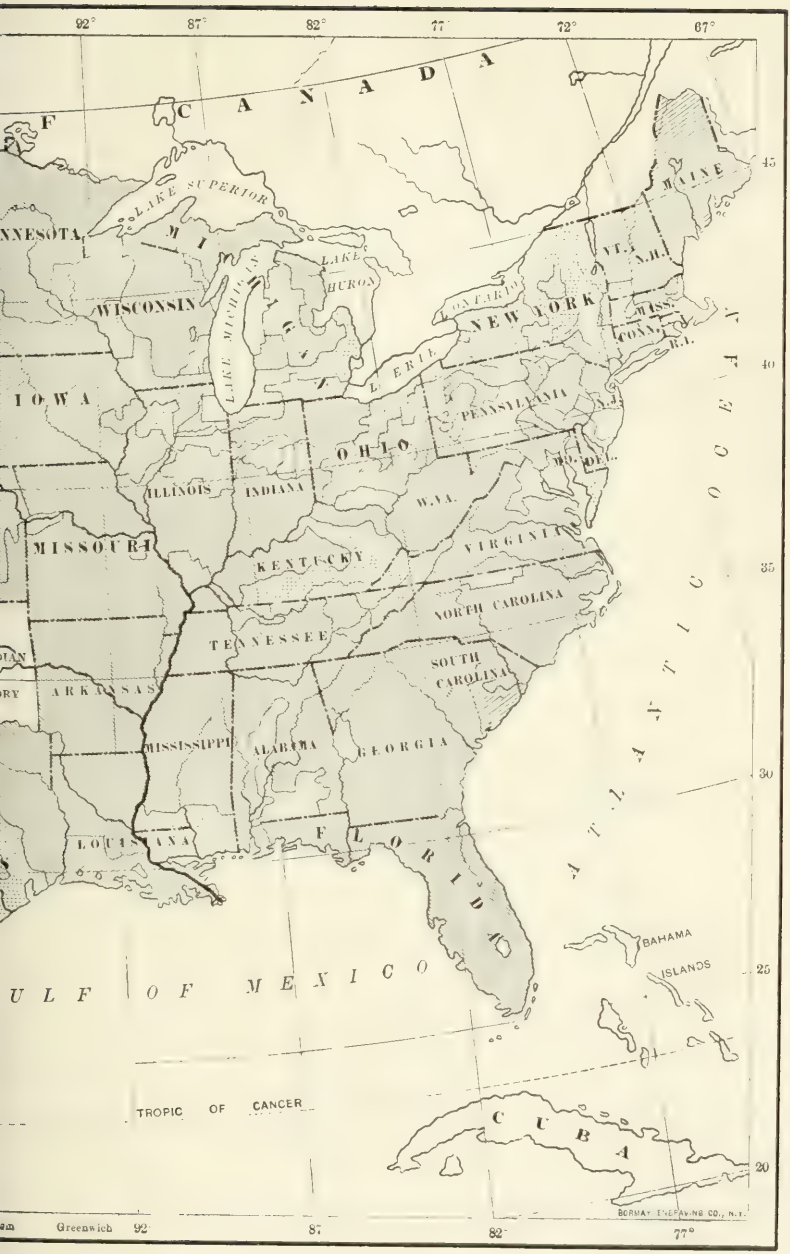
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TENNESSEE
SOUTH CAROLINA
ARKANSAS
MISSISSIPPI
ALABAMA
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LOUISIANA
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BORMAY ENGRAVING CO., N.Y.

message to Congress,[1] and expressed a vain hope that "members of Congress would permit troublesome thoughts of the government's financial difficulties to disturb the pleasant anticipations of their holiday recess." [2] The recommendation was fruitless; the Republican House promptly passed two relief measures—a revenue bill and a gold-bond bill. The Senate, by a vote of 42 (15 Republicans, 21 Democrats, and 6 Populists) to 35 (22 Republicans, 13 Democrats), amended the latter with a free-coinage clause.

Once more the government had to resort to a loan. This time it yielded to the popular prejudice which maintained that banking syndicates were endeavoring to corner gold in order to dictate the price of bonds, abandoned the sale by private contract, and threw the loan of January 6, 1896, open to the public. The result showed that the tide of public confidence was flowing in; bids were made by over forty-six hundred persons, covering many times the sum of $100,000,000 called for. The loan was placed at approximately 111, yielding to the subscribers a rate of interest of about 3.4 per cent., and was generally interpreted as a rebuke to the president for relying previously upon syndicates. Even this price was undoubtedly somewhat lowered by the disturbed condition of the money market resulting from President Cleveland's Venezuelan message of December 17, 1895.

[1] Richardson, *Messages and Papers*, IX., 659.
[2] Cleveland, *Presidential Problems*, 161.

The familiar process of withdrawing gold from the treasury with which to pay for the bonds was again employed with the usual result, for, notwithstanding the reinforcement of $111,000,000 of gold, the reserve in July, 1896, was below $90,000,000. Private financial interests now feared that another bond issue would strengthen the silver party in the presidential campaign; bankers consequently throughout the country co-operated to protect the treasury. In a single week more than $25,000,000 of gold was exchanged at the treasury for legal-tenders. When the maintenance of the gold standard was assured by the election of November, 1896, gold returned from its hiding-places, and the problem of preserving an adequate gold reserve no longer vexed the treasury.

CHAPTER XVII

DEMOCRATIC TARIFF LEGISLATION (1893–1895)

THE Democrats in 1894 made a signal failure in the attempt to revise the tariff, notwithstanding that, for the first time in over thirty years, they were in possession of full control of both houses of Congress and of the executive. It was highly unfortunate that the task of revision was interrupted by squabbles over the currency, and that financial disturbances severely cut down the revenues before any paring process could be applied to the tariff. Party organization, moreover, was not well knit; the majority of the Democrats in the House was so large as to be unwieldy, and this tended to weaken individual responsibility. Not only Democrats in the East disagreed with their associates from other sections, but the president displayed an independence of judgment and action which proved highly irritating to many of his party.

The president's deliberation in making appointments to office chilled partisan support. Early in the term there were rumors that he would use the appointing power as a club over members of Congress

to secure votes for the repeal of the silver-purchase act; and though unproven, the charges were accepted as true by some of the impatient silver advocates, and later were made the basis of accusations of executive interference and coercion. Of minor importance and yet contributing to friction, was the announcement made by the president in May, 1893, that henceforth he would limit the hours in which he would receive office-seekers, except those invited to confer with him; and that members of Congress must abandon the practice of bringing office-seekers in whom they were interested to the White House.[1] It was complained that the president was holding himself aloof from his fellow-citizens and aping despotism.

On the other hand, the civil service reformers were not entirely satisfied. As during the first administration, the president was inconsistent in the tests applied to applicants for office.[2] Much disappointment was occasioned by the appointment of a professional office-seeker for commissioner of Indian affairs, in place of General Thomas J. Morgan, who had brought the office up to a high degree of efficiency and was in full sympathy with the Dawes act [3] and the new Indian policy. The president surrendered the postmastership in New York to the spoilsmen, and countenanced the wholesale removal of consuls

[1] Richardson, *Messages and Papers*, IX., 399.
[2] *Good Government*, October 15, 1893, February 15, 1894.
[3] See above, p. 7.

made in the office of the first assistant secretary of state, Josiah Quincy. Though condemning the open hostility of spoilsmen, he complained of the "querulous impracticability of many self-constituted guardians" of reform.[1] Nor did the lapses from the high ideals demanded by his independent friends bring him a loyal support from the active politicians of his own party.

In handling the difficult complications of New York politics, Cleveland had little success. Before inauguration he interfered in the senatorial elections of that state by frankly expressing an unfavorable opinion of the qualifications of Francis Murphy, the Tammany and Hill candidate for senator.[2] As he did not have sufficient influence to prevent the election, his relations with the New York senators were from the outset strained. The consequences were notably illustrated in the fate of the excellent nominations for the Supreme Court of Mr. Hornblower and Mr. Peckham, of the New York bar, in the defeat of which both Hill and Murphy actively joined.

In the organization of the House at the special session held in August, 1893, William L. Wilson, of West Virginia, was made chairman of the committee on ways and means; of nine other Democratic members, only one represented the entire East and North. The preparation of a tariff bill was immediately

[1] Richardson, *Messages and Papers*, IX., 457.

[2] In interview published December 28, 1892, *Public Opinion*, XIV., 319.

begun. The problem was by no means easy, for in addition to freeing commerce from onerous duties, provision must be made for additional revenue. Customs revenue had fallen from $230,000,000 in 1890, to $177,000,000 in 1892; in 1893 there was a slight recovery, but still no assurance, even if trade and industry revived, that there would be sufficient income for the increasing needs of the government. Meanwhile state elections indicated another sudden swerving of public opinion. In Ohio, McKinley, who had been unfairly driven out of Congress in a gerrymander by a Democratic legislature, was elected governor by a majority of 81,000 over Neal, the author of the radical anti-tariff plank of the Democratic platform of 1892; and in other states where the tariff was an issue the Republicans made unexpected gains.

December 19, 1893, the Wilson tariff bill was reported to the House. It was not a radical measure when tested by the promises of 1892. Sober-minded legislators did not accept the revolutionary doctrines which their party had hastily adopted in the excitement of a nominating convention. As Wilson observed in his opening speech in the House: "We know that not all who march bravely in the parade are found in line when the musketry begins to rattle. This is always the case. Reform is beautiful upon the mountain-top or in the clouds, but ofttimes very unwelcome as it approaches our own thresholds." [1]

[1] *Cong. Record*, 53 Cong., 2 Sess., App., 193.

In brief, the new tariff measure provided for the adoption, wherever practicable, of *ad valorem* instead of specific duties, and the "freeing from taxes of those great materials of industry that lie at the basis of production." There was an extension of the free list, including such important commodities as iron ore, lumber, coal, and wool. The prediction that the Democrats would once more show their insincerity in protecting the iron and coal industries, which were rapidly developing in the South, proved false. Many of the prohibitory rates of the McKinley tariff were reduced, as on silks, cottons, woollens, glass, and china-ware. Since it was estimated that revenue would be reduced by $50,000,000, additional resources were sought in an income tax and a slight increase in the duty on distilled liquors.

The recommendations of the House committee, even at this early stage, were not reached without dissensions within the party; especially were there serious differences over the adoption of the sugar schedule[1] and of the income tax. The indorsement of the latter marked the growing influence of populistic sentiment in the South and West. When first adopted in the caucus of the Democratic members of the House of Representatives, there was a pledge that it would be presented as a separate bill; to insure its success, however, it was afterwards saddled upon the tariff measure.[2] No demand for such

[1] Taussig, *Tariff Hist. of the U. S.*, 310.

[2] For history of this bill, see *Journal of Polit. Economy*, III., 311.

a tax had been made in the Democratic platform; even Cleveland, in his message of December 4, referred to the proposition, as yet unreported from the committee, as "a small tax upon incomes derived from certain corporate investments."[1] It turned out to be much more than this: a tax of two per cent. was imposed upon all incomes in excess of four thousand dollars. Its advocates openly defended this discrimination on the ground that the rich, under the existing customs and internal-revenue laws, largely escaped taxation; and that the evil of aggregation of wealth in private hands ought to be attacked. Democracy was running in new channels: hitherto the Democratic party had condemned such meddling with private business as the inquisitorial features of an income tax must necessarily introduce; it also stood for equality; now, however, it indorsed discrimination, and failed to recognize the inconsistency of attempting to break down paternalism in one direction and of sanctioning interference in another.

The Wilson bill passed the House by a vote of 204 to 110; 17 Democrats voted against it—8 from New York and 4 from Louisiana. The tariff bill, therefore, reached the Senate without the united backing of the majority party of the House responsible for revenue bills. The Democrats in the Senate had only a narrow working majority of three over

[1] Richardson, *Messages and Papers*, IX., 460; W. L. Wilson, in *North Am. Rev.*, CLVIII., 1.

the Republicans and Populists combined.[1] Protectionists took new heart, and through the all-pervasive influence of Senator Gorman, of Maryland, aided by Senator Brice, of Ohio, they were able to modify the measure, not only as to details, but as to principles. Senator Hill, of New York, championed the opposition of the East to an income tax; the senators from Louisiana antagonized the bill as unsatisfactory to the sugar-planting interest; and the senators from West Virginia, Maryland, and Alabama were willing to enter into any parliamentary negotiations which would secure protection for coal and iron ore.[2] A specious reason for opposition was found in the claim that the tariff bill as it left the House would create a deficiency of one hundred million dollars, and that further revenue must be sought in customs duties. Even after the finance committee of the Senate reshaped the bill, hundreds of amendments were made in the interest of protection.

Thus remodelled, the House bill was hardly recognizable, and popular opinion quickly renamed it the Gorman, instead of the Wilson, tariff. Iron-ore, coal, and sugar were taken off the free list in response to sectional interests. The fixing of the sugar schedule led to charges of corruption of senators by the sugar trust: they were reported to have bought and sold stock on the advice of members of the finance committee who were reshaping the bill. A

[1] Taussig, *Tariff Hist. of the U. S.*, 288.
[2] Stanwood, *Am. Tariff Controversies*, II., 326.

committee of investigation found that a few senators had speculated in sugar stock, Quay frankly admitting that he had purchased for a rise; and the scandal permanently injured the reputation of the Senate. Specific duties in place of *ad valorem* were restored on many commodities, and rates were generally advanced in many lines of manufacture in the interest of protection.[1] Leaders of the Democratic party acknowledged their mortification. Mills, of Texas, now a senator, declared that the measure was in no respect an answer to the pledges made in 1892: "I will vote against the amendments; but when they are incorporated in the bill, I will vote for the bill if it has five cents of reduction in it, as a choice between the two." Senator Voorhees, chairman of the finance committee, admitted that concessions had been unwillingly made to individual senators.[2] Many friends of tariff revision, indeed, thought it would be better to hold to the McKinley tariff rather than to indorse this travesty of reform.

For a time there was a deadlock between the two chambers. Wilson declared, when the bill was returned to the House, that the fundamental principles of the Democratic party pertaining to taxation had been "in a measure overridden and neglected."[3] On July 19 he read a letter from President Cleveland

[1] Summary of Senate changes, in McPherson, *Handbook of Politics* (1894), 247.

[2] *Cong. Record*, 53 Cong., 2 Sess., pt. iv., 3391 (April 2, 1894).

[3] *Ibid.*, pt. vii., 7191 (July 7, 1894).

in which he declared that the bill, as mangled by the Senate, meant "party perfidy and party dishonor." [1] The president also intimated that the sugar schedule was open to charges of manipulation by the sugar trust. Four days later, Senator Gorman intensified party discord by characterizing this letter as "the most extraordinary, the most uncalled for, and the most unwise communication that was ever penned by a president of the United States." [2] He further stated that every prominent amendment to the bill made in the Senate was well known to the president, and implied that the president and the secretary of the treasury had concurred in the preparation of the compromise measure as reported, including the placing of duties on coal and iron ore.

In the end the House yielded to the stubborn insistence of the Senate, which was willing, if necessary, to accept the responsibility of no legislation. The disappointment of the president was marked; he could not indorse the bill, but allowed it to become law without his signature. "The livery," he wrote, "of Democratic tariff reform has been stolen and worn in the service of Republican protection." [3]

From a financial or industrial point of view this tariff had little special significance; it was still protective, the walls possibly not quite so high, and in

[1] *Cong. Record*, 53 Cong., 2 Sess., pt. viii., 7712.
[2] *Ibid.*, 1862.
[3] Letter to Representative Catchings, of Mississippi, August 27, 1894, in *Public Opinion*, XVII., 511 (August 30, 1894).

a few places the doors opened more easily. As the Democrats were afraid to cut loose from protection, their arguments lacked consistency. The Republicans could easily show as a result of the first two years of the McKinley tariff that the burden of taxation had not been increased; that foreign commerce had expanded; that the exports of American products were greater; that there was an increase in free imports; that new markets had been opened up; and that prices had not advanced, while wages had slightly gained. The enormous expansion in the industrial development of the United States, due to the exploitation of her resources and the organization of business, defied tariffs.

Politically the tariff contest left the Democratic party humiliated and weakened. Their platform declarations were shown to be insincere, and their leaders incapable of working together without grave misunderstandings and serious recriminations as to honor and truthfulness. The Democrats in the House, rankling in defeat, endeavored to remove the charges of unfaithfulness to public pledges by passing supplementary tariff bills affecting individual commodities, by which coal, barbed wire, iron, and sugar were placed on the free list. These "popgun" bills were of no practical consequence, for the Senate insisted upon treating the tariff question as a closed chapter.

The Democrats were destined to experience another disappointment in the upsetting of the income

tax by the Supreme Court. Early in 1895 the court held[1] that the tax on rent or income from land was a tax on real estate, consequently a direct tax, and therefore unconstitutional unless apportioned among the states; the tax on incomes from state or municipal bonds was also declared invalid, since such a tax was a tax on the power of a state to borrow money, a power which the Constitution expressly safeguarded. On the other important point, as to whether the Federal tax on income derived from other sources, as trade or money at interest, was direct or not, the court was evenly divided, Justice Jackson, who was ill, being absent. As this left the issue in an unsatisfactory form, the case was immediately reargued. The court decided, May 20, 1895, by a vote of five to four, that the income tax as a whole was a direct tax; and as no provision had been made in the act of 1894 for apportionment, the law as passed was unconstitutional.[2] Justice Jackson was now present, and upheld the tax, but Justice Shiras changed his mind, and thus turned what would have been an indorsement into condemnation. The country was so astonished by these divisions of opinion that interest in the tax itself was lost sight of in the revelations of fickleness and uncertainty of judgment existing in the highest court of the land.

[1] Pollock *vs.* Farmers' Loan and Trust Co., 157 U. S., 429.
[2] 158 U. S., 601.

CHAPTER XVIII

LABOR DISTURBANCES

(1894)

THE year 1893 was a year of contrasts. In the midst of the industrial crisis and dark depression the country celebrated the four-hundredth anniversary of its discovery by Columbus, on a scale of grand magnificence and perfection of detail which not only aroused the pride of Americans but excited the respect and admiration of foreigners. A World's Columbian Exposition was held at Chicago, on the borders of Lake Michigan, on a site covering more than a square mile in area. Nearly all of the hundred and fifty buildings were constructed of "staff," a composition of plaster of Paris and jute fibre which produced the general appearance of white marble. The effect was most pleasing. The greatest artists of the country united in planning buildings grouped about a court of honor, whose æsthetic significance was of the highest order and gave promise of higher ideals in architecture than the United States had hitherto possessed. Generous appropriations were made by the Federal, state, and foreign governments, and in all thirty-one million dollars were expended

for the fair. The central location of the exposition was most fortunate. More than twelve million persons visited the "White City," and carried back to every section of the country new standards of public art and decoration.[1] A series of world's congresses brought to the United States from all parts of the world men who were eminent in scientific, educational, and religious movements, and proved a successful agency in lessening intolerance and liberalizing American opinion. The Midway Plaisance gave delight and instruction to those who had not enjoyed foreign travel, by representations of the life of different nations and peoples, including a Japanese bazaar, and Javanese, Samoan, and Dahomey villages.

Whatever elation was aroused by this unprecedented display of the world's industry and art was brought low by the industrial embarrassments and suffering of the working-class during the winter of 1893–1894. The business depression of 1893 threw hundreds of thousands of workmen out of employment, causing great distress and taxing the relief agencies in the large manufacturing centres to the utmost. Never before had the evil of unemployment been so wide-spread in the United States. The spirit of discontent became general. Agitators devised striking and sensational methods to attract attention to reform propaganda; and, as public opinion became apprehensive, undue emphasis was placed upon incidents in themselves of little importance. Of this

[1] *Appleton's Annual Cyclop.* (1893), 764.

character was the march of several bodies of the unemployed upon Washington, in the spring of 1894. The leader in this movement was Jacob S. Coxey, a successful business man of Ohio, who drew up, in 1892, a plan for the improvement of roads throughout the United States, the expense of which was to be met out of an issue of five hundred million dollars of legal-tender notes. A double object was to be gained—the "making" of work and the expansion of the monetary medium.

Coxey gathered together a small body of unemployed men to march from Massillon, Ohio, to Washington, for the purpose of presenting a petition to Congress to pass a good-roads bill and a non-interest-bearing bond bill. The army of but a hundred men escorted by forty-three reporters started March 24, 1894; it was orderly; its members were not accused of theft, or of any misdemeanor. On May-day it reached Washington and marched to the Capitol in the presence of thousands of spectators. The demonstration ended in a farce; for when Coxey walked on the Capitol lawn, he and his two chief assistants were arrested for "trespassing on the grass"; and for this infringement of the ordinances of the District of Columbia they were imprisoned twenty days. During their separation the army dwindled and the movement died.[1]

Business depression led to strikes by workmen, who resisted the reduction of wages made by em-

[1] Vincent, *Story of the Common Weal.*

ployers. The most serious industrial conflict took place in Chicago, where a labor war began with the strike of the employés of the Pullman Car Company, at Pullman, a suburb of Chicago, May 11, 1894. In the general depression of business the car-building industry had not escaped, and the Pullman Company was obliged, for lack of orders, to discharge many employés, and finally, in order to meet competition, to bid for contracts on the basis of actual cost, or even below. Wages were consequently lowered. As four thousand of the employés were members of the American Railway Union, this organization came to the support of the local workmen and demanded that the difference be submitted to arbitration. This the Pullman Company refused, on the ground that the cost of manufacturing was a question of fact, and could not be submitted to arbitration. In retaliation the American Railway Union voted that its members should not handle Pullman cars over railways using such equipment. The railroads, however, had entered into contracts for terms of years with the Pullman Company to haul cars; and, apart from this, there was the much more important question to be determined—that of the relation of railroads to a sympathetic strike.

The railroad managers promptly met the issue, and determined that, as the boycott was not on account of any grievance between the railroad companies and their own employés, it was unjustifiable; and that in their resistance they would act unitedly,

Employés of all the railroads centring in Chicago, and of many of the more distant systems, extending through twenty-seven states and territories from Cincinnati to San Francisco, struck, and placed a boycott upon Pullman cars wherever found. Violent efforts were made in Chicago to prevent the running of trains; mobs composed in large part of lawless men, hoodlums, and professional criminals infesting that city since the Columbian Exposition of the previous year, gathered in the freight-yards and looted and burned hundreds of cars. Though the deputy-marshal and sheriffs were powerless to control the situation, Governor Altgeld, of Illinois, delayed in calling out the state militia.

Upon the demand of the post-office department that obstruction of the mails be removed, and upon the representation of the judicial officers of the government of the United States that the processes of the Federal courts could not be executed, and upon the basis that conspiracies existed which interfered with interstate commerce, President Cleveland ordered regular troops to the scenes of disturbance.[1] Rioting and bloodshed continued for some days; but public interest was sustained for weeks over the discussion as to the responsibility for the suppression of the disorder and the rights of labor leaders when injunctions were issued by the courts. Governor Altgeld, who was already viewed by the conservative element of the whole country with suspicion because

[1] *U. S. Revised Statutes*, §§ 5298, 5299.

of his recent pardon of the anarchists imprisoned as a result of the trial in 1886,[1] protested to the president against the presence of Federal troops: Illinois, he declared, was "able to take care of itself; the railroads were paralyzed, not because of the obstruction of strikers, but because the companies could not get men to operate the trains"; and, finally, he contended that the ignoring of local government insulted the people of the state by imputing to them an inability to govern themselves or an unwillingness to enforce the law.[2] The president replied that "in this hour of danger and public distress discussion might well give way to active effort on the part of all in authority to restore obedience to law."[3] Both houses of Congress indorsed the president's action, and the newspapers of the country reflected approval.

July 2, 1894, the United States district court of Illinois issued a so-called "blanket injunction," in an order that the officials and all railroad employés of the American Railway Union should desist from interference in any manner with the business of twenty-three railroads, specifically named. The sides of cars were covered with injunction writs. The injunction applied not only to certain named persons and thousands of unnamed persons belonging to the American Railway Union, but also to

[1] See above, p. 46.
[2] McPherson, *Handbook of Politics* (1894), 253.
[3] *Ibid.*, 255.

"all other persons whomsoever." Eugene V. Debs, as president of the union, continued in the exercise of his duties to manage the strike, and on July 17 was arrested for contempt of the order of the court and imprisoned.

At once there was an outcry of opposition, in which many who warmly supported the president in the sending of troops sympathized. Organized labor, however, protested not only against the introduction of Federal troops, but also against the use of injunctions by courts of equity for the purpose of crippling the activity of its leaders. Debs, it was argued, had already (July 10) been arrested on the charge of interfering with the execution of the laws of the United States by complicity in the obstruction of mails and interstate commerce; and, until convicted on that charge, he should be permitted to go free; to arrest him a second time for a violation of the order of a judge was persecution and an effort to suppress the fundamental right of trial by jury to determine guilt. Debs refused to give bail pending the investigation of the charge of contempt, and went to prison. The strikers became demoralized and the strike collapsed. Investigation in regard to the contempt charges against Debs was delayed for several months; on December 14 he was found guilty of contempt of court as well as of conspiracy, under section four of the anti-trust act of 1890, and sentenced to imprisonment in the county jail for six months. A writ of *habeas corpus* was ap-

plied for before the Supreme Court, but without avail.[1]

Apart from the loss of property and interference with business, the most important consequence of the strike was wide-spread discussion in regard to the methods of equity procedure. The original purpose of a writ of injunction had been negative rather than positive. In 1893 a Federal circuit court, resting upon the authority conveyed in the interstate commerce law of 1887 and the anti-trust act of 1890, commanded employés of the Toledo & Ann Arbor Railroad to perform their duties fully as long as they remained in service; and, as they were engaged in a service of public character, declared that they could not always choose their own time for terminating their employment; new emergencies created new conditions.[2] At the time, the significance of this development of equity procedure was not clearly apprehended, either by employers or workmen; but now, in connection with the far-reaching orders issued during the Pullman strike, the whole subject was discussed anew by experts at law as well as by the public press. Students of jurisprudence deplored the application of the new and novel doctrine of government by injunction, which did away with criminal law and its safeguards of indictment, proof by witnesses, jury trial, and a fixed and uniform punishment; which made the courts no longer judi-

[1] Cleveland, *Presidential Problems*, 79–117.
[2] 54 Fed. Rep., 746.

cial, but a part of the executive branch of government; and which eventually tended to make the judiciary either tyrannical or contemptible.[1] Nothing was done, however, to remedy the evils complained of, and there was added to the grievances of labor a new count which has not yet received a settlement.

[1] Stimson, in *Pol. Sci. Quart.*, X., 192 (June, 1895).

CHAPTER XIX

HAWAII AND VENEZUELA

(1894–1895)

THE United States was on the point of taking a decisive step forward in territorial expansion when Mr. Cleveland assumed the duties of president in 1893. The relations of this country and Hawaii had long been intimate. Missionary zeal and industrial enterprise of Americans had taken a leading part in the development of the islands. In 1875 a reciprocity treaty was negotiated whereby the lower grades of Hawaiian sugar were admitted free of duty; and later, in 1884, Hawaii granted to the United States temporary concessions for a naval station at Pearl River.[1] As the government of Hawaii was unstable, there was a growing disposition on the part of some of the American commercial interests in the islands to bring about a protectorate, if not annexation, by the United States. In January, 1893, a political revolution took place by which Queen Liliuokalani was deposed and a provisional government established; this proceeded to offer terms of union with the United States through commissioners sent to

[1] *U. S. Treaties and Conventions*, 1187.

Washington.[1] At President Harrison's desire, a treaty of annexation was quickly drawn up by Secretary Foster, and on February 15 submitted to the Senate for ratification.[2] In the mean time, on February 1, Mr. Stevens, United States minister at Honolulu, at the request of the provisional government, assumed, in the name of the United States, "protection" of the Hawaiian Islands, and unfurled the American flag over the government building. In support of this action, American marines were landed and posted at a spot which virtually overawed the pre-existing government. This action was disavowed by Secretary Foster, so far as it might be construed as impairing in any way the independent sovereignty of the Hawaiian government; the flag, however, was permitted to remain.[3]

Strong pressure was put forth to secure immediate ratification of the treaty in the Senate, and public opinion, so far as it was reflected in current newspaper comment, was on the whole favorable to union. The importance of annexation to the United States for commerce and naval defence was urged, as well as the blessings which would accrue to the islands from a republican form of government under the constitutional privileges of a great republic. Underlying all argument was the fear that if the United States did not accept, England or some other power

[1] Foster, *Am. Diplomacy in the Orient*, 376 et seq.

[2] *Senate Exec. Docs.*, 52 Cong., 2 Sess., No. 76; also in *Foreign Relations* (1894), App. II., 197.

[3] *Ibid.*, 240.

of Europe would step in, and thus place this country at a permanent disadvantage. There were disquieting rumors, however, that the United States minister, backed by the maritime force of an American cruiser, the *Boston*, then lying in the harbor of Honolulu, had played more than an acquiescent part in the revolution, and that the provisional government represented only the will of a fractional part of the population of Hawaii. The Senate was also disposed to consider the new constitutional problems which might be involved in annexing distant territory, and objection was made to some of the details of the treaty. Action was consequently delayed.

Within a week after coming back to power, President Cleveland withdrew the treaty for re-examination;[1] and on March 15, 1893, in his executive capacity, without consulting Congress or even the Senate, sent a special commissioner, Mr. Blount, to Hawaii to investigate the situation, including the circumstances attending the change of government. For a time the question ceased to claim public attention; but when news came in April that the American flag had been hauled down from the government building in Honolulu at the order of Commissioner Blount, interest was instantly kindled. The Republicans denounced the proceeding as unpatriotic, while Democrats still in the dark as to the intentions of the administration defended the re-

[1] Richardson, *Messages and Papers*, IX., 393.

moval as the logical execution of Harrison's previous disavowal of all acts impairing Hawaiian sovereignty.

On July 17, Mr. Blount made report to Secretary Gresham, in which he represented the revolution to be the result of a conspiracy managed by aliens and chiefly by Americans, and helped on by the United States minister, Mr. Stevens. The queen, he believed, had yielded under protest because of the superior force of the United States, and also influenced by the declaration of the American minister that he would support the provisional government. In submitting these facts to the president, October 18, Secretary Gresham concluded that a great wrong had been done to a feeble and independent state by an abuse of the authority of the United States, and advised that the wrong be undone by restoring the legitimate government: "Our government was the first to recognize the independence of the Islands, and it should be the last to acquire sovereignty over them by force and fraud." [1]

Mr. Willis, Stevens's successor as envoy to Hawaii, was at the same time directed to carry to the queen the president's regret for the "reprehensible conduct of the American minister," and to assure her that, in justice to her, his government would not do flagrant wrong.[2] As the means to this end, he was to secure from the queen a promise of amnesty to all who took part in the revolution; this done, he was to notify

[1] *Foreign Relations* (1894), App. II., 463. [2] *Ibid.*, 464.

the provisional government to relinquish its authority to the queen. The queen at first (November 13) was not compliant, and refused to set aside the law which provided that such persons should be beheaded and their property confiscated.[1] The president had apparently exhausted his independent powers, and on December 18 submitted the matter to the "broader authority and discretion of Congress":[2] he reviewed at length the circumstances leading up to the revolution, and cited abundant evidence to show the eager desire of minister Stevens for annexation. For example, on February 1, 1893, Stevens wrote to the state department that "the Hawaiian pear is now fully ripe, and this is the golden hour for the United States to pluck it."[3]

The situation was complicated: the provisional government had been recognized, not only by the United States, but by other powers; treaty negotiations had been undertaken, and a United States minister was accredited to the new government which the United States now planned to set aside. Many Republicans declared that Blount had made a partisan report, deceiving the administration; while others argued that, even if one wrong had been committed, the United States would not be justified in a second interference, for by all the rules of international law the existing government of Hawaii was that of

[1] *Foreign Relations* (1894), App. II., 1242.
[2] Richardson, *Messages and Papers*, IX., 460.
[3] *Foreign Relations* (1894), App. II., 244.

a sovereign nation, a view in which many Democrats shared. The president was also criticised for not taking the public and Congress more fully into his confidence. This feeling was strengthened when it was learned, on January 13, 1894, that the president, in submitting the papers to Congress the previous month, had held back the letter to Willis ordering him to negotiate with the deposed queen. Blount's commission was termed extraconstitutional, and it was maintained that the president had no right to instruct Mr. Willis to attempt the restoration of the queen without the authority of Congress. A few, indeed, demanded the impeachment of the president.

Meanwhile, Willis, who by further negotiations had persuaded the queen to make the pledge of amnesty,[1] according to his instructions on December 19, informed the provisional government that it was expected to restore to Queen Liliuokalani her constitutional authority.[2] President Dole, of the provisional government, replied that President Cleveland had no right to interfere in the domestic affairs of Hawaii, and consequently refused to surrender authority,[3] and in a later letter complained that a "dangerous and critical condition" had arisen because of the president's attitude.[4] He then put the direct question whether Mr. Willis had instructions to enforce his policy "with use of arms." This letter, which President Cleveland characterized as "most extraor-

[1] *Foreign Relations* (1894), App. II., 1269. [2] *Ibid.*, 1274.
[3] *Ibid.*, 1276. [4] *Ibid.*, 1288.

dinary," was turned over to Congress,[1] where the sympathy for annexation was shown by applause. February 7, 1894, the House passed resolutions, 177 to 78, condemning Mr. Stevens for illegally aiding in overthrowing the constitutional government of the Hawaiian Islands, and denouncing "interference with the domestic affairs of an independent nation as contrary to the spirit of American institutions." [2] Neither annexation nor a protectorate was regarded as expedient.

The Senate, however, was more critical of the president's action. After a prolonged investigation the committee on foreign relations submitted two reports: the majority, consisting of Senator Morgan, a Democrat, and the four Republican members, approved the action of former Minister Stevens, except in proclaiming a protectorate, but was divided on the later proceedings; Senator Morgan accepted the validity of Blount's appointment and exonerated the president from charges of irregularity or impropriety of conduct; the Republican senators denied the constitutionality of the appointment of Mr. Blount, and condemned as a violation of international law the action of both Blount and Willis in holding negotiations with the deposed queen. The minority report, submitted by four Democratic senators, found the conduct of Minister Stevens to be "seriously reprehensible" and deserving censure; but even to

[1] *Foreign Relations* (1894), App. II., 1285.
[2] *Cong. Record*, 53 Cong., 2 Sess., pt. ii., 2007.

this statement two Democratic senators added a declaration that they favored annexation, although they were unwilling to accomplish it by taking advantage of internal dissensions for which the United States was in some measure responsible; three of the five members were thus ranked as annexationists. Later, May 31, 1894, the Senate, by a unanimous vote, agreed upon the declaration that the Hawaiian Islands should maintain their own government; that the United States should not interfere; and that interference by any other government would be regarded as unfriendly to the United States.

A year later the Monroe Doctrine became once more, after an interval of thirty years, the storm-centre of foreign politics. Venezuela and Great Britain had been at odds for half a century over the western boundary of British Guiana; and, beginning with 1876, Venezuela repeatedly appealed to the United States, as "the oldest of the republics of the new continent," to interfere against British encroachment upon American soil. The replies of the United States were friendly, but based upon the assumption that the difficulty was merely one of geographical limits and title, not of attempted political jurisdiction. In 1887 the United States, however, went so far as to tender its good offices to Great Britain and to propose arbitration as a means of settling the dispute, a proposition which Great Britain rejected.[1] An extension of British authority and the occupancy

[1] *Foreign Relations* (1895), I., 550.

by British miners of territory claimed by Venezuela led, in 1886, to more serious doubts as to the real intention of the British government; and soon the easy-going confidence that the issue was simply one of historical fact, eminently adaptable for admitting arbitration, gave way to "grave disquietude." [1]

For a brief moment in 1888, after Congress called for the correspondence relating to the controversy, a slight interest in the fortunes of Venezuela was displayed in the United States, but this quickly died away. Even the existence of such a dispute and the possible responsibility of the United States were forgotten by all save students of foreign relations. The situation, however, did not improve: diplomatic relations between Great Britain and Venezuela were interrupted, and the latter country redoubled her entreaties to the United States for protection; but these friendly efforts continued to be unavailing.[2]

In 1895 the boundary dispute approached an "acute state"; in February Congress passed a joint resolution indorsing the plan of "friendly arbitration," [3] and some months later Richard Olney, of Massachusetts, who succeeded Gresham as secretary of state, "fully and distinctly set forth" to the English government the attitude of the United

[1] Bayard to Phelps, February 17, 1888, in *Foreign Relations* (1895), I., 550.

[2] Richardson, *Messages and Papers*, IX., 181; *Foreign Relations* (1894), 250, 252.

[3] *U. S. Statutes at Large*, XXVIII., 971.

States[1] in a remarkable despatch (July 20) which protested against an enlargement of the area of British Guiana in derogation of the rights and against the will of Venezuela. He not only vindicated the old Monroe Doctrine, declaring it to be the accepted law of this country, but gave to it a new interpretation in the sweeping statement: "The United States is practically sovereign on this continent, and its fiat is law upon the subjects to which it confines its interposition. Why? It is not because of the pure friendship or good will felt for it. It is not simply by reason of its high character as a civilized state, nor because wisdom and justice and equity are the invariable characteristics of the dealings of the United States. It is because, in addition to all other grounds, its infinite resources combined with its isolated position render it master of the situation and practically invulnerable as against any or all other powers." [2] The British government was called upon to answer distinctly whether it would submit the controversy to arbitration.

Apparently Lord Salisbury, the British foreign and prime minister, did not even then realize that the United States took more than a sentimental interest in the fortunes of Venezuela, or that it was serious in its insistence upon the application of the Monroe Doctrine to the present dispute. A long

[1] Richardson, *Messages and Papers*, IX., 632.

[2] *Foreign Relations* (1895), I., 558; reprinted in Henderson, *Am. Diplomatic Questions*, 418.

delay ensued, and there were rumors in America of a possible rupture.[1] The attention of the New York Chamber of Commerce was called to the "recent warlike utterances of men prominent in public life." [2] At last Lord Salisbury replied, under date of November 26:[3] he claimed that the United States was giving a new and strange extension and development of the Monroe Doctrine; that the reasons justifying an appeal to this doctrine were inapplicable to the state of things in which we live at the present day; and that the doctrine was especially inapplicable to a controversy involving a boundary-line between Venezuela and Great Britain. Arbitration was consequently declined.

President Cleveland thereupon, in a special message, December 17, 1895, asked Congress to authorize the appointment of a special commission to determine the true divisional line between the two countries; and closed by asserting that it would be the "duty of the United States to resist by every means in its power, as a wilful aggression upon its rights and interests, the appropriation by Great Britain of any lands or the exercise of governmental jurisdiction over any territory which after investigation we have determined of right belongs to Venezuela. In making these recommendations I am fully alive to the responsibility incurred and keenly realize all the

[1] *Public Opinion*, XIX., 541, 552, 574, 586, 649.
[2] N. Y. Chamber of Commerce, *Annual Report* (1895), 34.
[3] *Foreign Relations* (1895), I., 563.

consequences that may follow. I am, nevertheless, firm in my conviction that while it is a grievous thing to contemplate the two great English-speaking peoples of the world as being otherwise than friendly competitors in the onward march of civilization, and strenuous and worthy rivals in all the arts of peace, there is no calamity which a great nation can invite which equals that which follows a supine submission to wrong and injustice and the consequent loss of national self-respect and honor, beneath which are shielded and defended a people's safety and greatness." [1] The declaration of the certainty of war under a stated contingency was clear and decisive.

The message was a bolt out of the blue, for up to this time the country had been ignorant of the peremptory demands which the administration had made in the earlier correspondence. There was, moreover, a wide-spread opinion, based on Cleveland's previous pacific administration of foreign affairs, that the president stood for concession rather than aggression, or even a firm upholding of national rights. Although he had given intimation of a "more vigorous policy" in the annual message of December, which might justify the present stand, not sufficient time had elapsed to prepare the public mind for the grave consequences which were now laid bare. Instead of a time-worn curiosity, the Monroe Doctrine was a sharp-edged tool ready for immediate use. In its simplest form the issue meant

[1] Richardson, *Messages and Papers*, IX., 658.

that, inasmuch as arbitration had been refused by Great Britain, the United States would mark the boundaries of an English colony and compel the mother-country to accept the limits so prescribed.[1]

A striking evidence of the popular astonishment caused by the president's stand was seen in the stock markets of London and New York. The message was presented to Congress on Tuesday, and published in the newspapers Wednesday morning. A first reading made little impression, for even shrewd observers could not believe that the strong and resolute language of the document was to be taken literally. Prices of securities declined but little; on Thursday the real significance of the message began to be felt and stocks sagged; on Friday a disastrous panic occurred, which not only checked the upward movement to confidence and prosperity, but caused many failures. Notwithstanding this damage, the country gave to the president a hearty and decided indorsement, irrespective of party or section.[2] So unmistakable was this temper that there was little reason to believe that the United States would in the future abate her demands in the slightest degree.

Occasional dissidents argued that there was nothing even in international law or the Monroe Doctrine that required the government to insist upon arbitra-

[1] Hart, *Monroe Doctrine in its Territorial Extent and Application*, in U. S. Naval Institute, *Proceedings*, XXXII., 788 (October, 1906).

[2] Andrew D. White, *Autobiography*, II., 118; Foster, *A Century of Am. Diplomacy*, 43.

tion when either party to the dispute declined to accept it. The president was criticised for exaggerating the issue in representing the dispute between Great Britain and Venezuela as dangerous to the safety of the United States, and for rashness in declaring in advance that the findings of the commission were to be supported by force. Some went even further, and accused the president of trying to create an issue as a political trick, in order to secure financial legislation by which the treasury could be strengthened; and a few charged him with endeavoring to revive his waning popularity in the hope of securing another election to the presidency.

With the people at large, however, these strictures had little weight: the sincerity and patriotism of the president was generally acknowledged, and his interpretation of the responsibility of the United States was accepted.[1] On December 18, 1895, the House of Representatives, without debate, passed a bill for the appointment of a commission; the Senate promptly followed on the 20th;[2] and on January 1, 1896, within a fortnight of the president's message, the commission was appointed. It was an able body, composed of Justice Brewer, of the United States Supreme Court; Judge Alvey, of the Court of Appeals of the District of Columbia; Andrew D. White, ex-minister to Germany and Russia; Frederick R. Coudert, formerly counsel of the United States in the

[1] See newspaper comments, *Public Opinion*, XIX., 841 et seq.
[2] *U. S. Statutes at Large*, XXIX., 1.

Bering Sea arbitration; and Daniel C. Gilman, president of Johns Hopkins University. There was no trace of jingoism in its membership, and the advocates of peace were encouraged to believe that war might be averted.

Meanwhile organized efforts were made by representative citizens in each country to allay irritation. The Prince of Wales could not "but believe that the present crisis would be arranged in a manner satisfactory to both parties"; Lord Rosebery absolutely disbelieved in the possibility of war on such an issue, for "it would be the greatest crime on record";[1] and Mr. Balfour, a member of the English cabinet, in a public speech expressed his conviction of an amicable settlement, and characterized a conflict between Great Britain and the United States as "enveloped with unnatural horrors of a civil war."[2] Such expressions did much to disarm suspicion in the United States and overturn the prevailing tradition that Great Britain was seeking for opportunities to annoy the United States.

The Venezuela commission entered upon its work with tact. Although it designated as experts J. Franklin Jameson, George L. Burr, and other distinguished scholars, to search the archives of Spain and Holland, it suggested to Secretary Olney January 15, 1896, that the governments of Great Britain and Venezuela be informed of the objects

[1] *Public Opinion*, XX., 8.
[2] Speech in Manchester, January 15, 1896, in *ibid.*, 106.

of the commission; and expressed the hope that "they will see a way entirely consistent with their own sense of international propriety" to aid the commission. Assurance was also given that "the purposes of the pending investigation are certainly hostile to none." To the surprise of many people, Great Britain complied with this courteous request, and thus removed apprehensions of an immediate break in the friendly relations between the two countries. Great Britain also showed a willingness to accept the earlier request of the United States that the boundary be determined by an international tribunal instead of by the United States acting independently. As the United States willingly assented to this, the investigation by the American commission was abandoned.[1]

Meanwhile, far more important negotiations for the promotion of peace were under way. President Cleveland's demand for arbitration aroused fresh interest in this method of settling disputes. Though still firm in adherence to the position taken by the administration, American citizens viewed with alarm the narrow escape from war, and were more disposed to welcome the establishment of international machinery by which it might be averted. In January, 1897, a treaty was signed by Secretary Olney and Sir Julian Pauncefote, providing for the arbitration of all differences between Great Britain and the United States, which could not be adjusted by dip-

[1] Cleveland, *Presidential Problems*, 173–281.

lomatic negotiation. Although ratification by the Senate could not be secured, the effort advanced the general principle of arbitration, and in the opinion of many was a happy compensation for the temporary alienation between the two countries.

CHAPTER XX

CAMPAIGN FOR FREE COINAGE
(1896)

EVIDENCE has already been given of the prompt revival of the struggle for a larger use of silver, in the attempt in February, 1894, to authorize the coinage of the seigniorage.[1] About the same time renewed interest was taken in the proposition to establish international bimetallism. Such an effort was unreasonable: hitherto the policy of the United States in its treatment of silver had been unsettled, and, so long as the United States showed a disposition to shoulder alone the declining fortunes of silver, European governments naturally held back from positive co-operation. With the repeal of the purchasing act, the situation was changed, and the United States was in a position to plan for the future status of silver on an equal basis with other nations. Many indeed believed that a monetary stringency would force England into a bimetallic league. As the International Monetary Conference, held in Brussels in 1892, was expected to reconvene, there was

[1] See above, p. 269.

confidence in some quarters that there would be a speedy solution of the problem.

In order to hasten active agreement, Representative Reed and Senator Lodge proposed that discriminating duties be levied upon goods coming from countries which did not assent to a bimetallic plan, thus harnessing silver and the tariff together in a customs union.[1] Party conventions, both of Republicans and Democrats, during 1894 indorsed bimetallism in varying terms. The National League of Republican clubs in June advocated the use of gold and silver, to be maintained on a perfect parity and interconvertibility;[2] the Republicans of California came out boldly for free and unlimited coinage; those in Indiana and Ohio favored bimetallism on the Reed-Lodge plan of forcing England by discriminating tariff duties to abandon the gold standard; and the Republicans in Iowa asked for the largest possible use of silver.[3] No one pretended to define "parity" and "interconvertibility"; they were phrases used in the hope of securing silver votes.

As a rule, the Democratic platforms did not qualify their advocacy of bimetallism by such ambiguous terms. A Democratic silver convention, held in Omaha, Nebraska, in June, 1894, attended by a thousand delegates, under the leadership of William J. Bryan, of Nebraska, adopted a free-coinage plank

[1] *Fortnightly Review*, LV., 837; *Public Opinion*, XVII., 212 (June 7, 1894). [2] *Public Opinion*, XVII., 308.
[3] *Tribune Almanac* (1895), 48, 54, 56, 73.

on a basis of "16 to 1," "without waiting for the aid or consent of any other nation on earth." A popular campaign in favor of free silver was inaugurated in the West. In this agitation, a little book entitled *Coin's Financial School*, written by William H. Harvey, of Chicago, played an important part. The arguments were presented in a simple and attractive form, and gained thousands of converts to the cause. The autumn elections of 1894 did not help to settle the silver issue. The Democrats were overwhelmingly beaten, but defeat overtook free silver and anti-free-silver men alike. Populists lost in the West but gained in the South. The vote was a revolt against existing material conditions, and not an expression of public opinion on special issues.

In 1895 conferences were held by bimetallists; new organizations were formed and addresses circulated. Plans were thus made to commit the Democratic party definitely and unequivocally to the free and unlimited coinage of silver.[1] These efforts were so determined that President Cleveland, Secretary Carlisle, and other Democratic leaders of like faith endeavored in vain to stem the tide.[2]

The Republicans were still afraid to face the issue. The larger number of the state conventions which met to select delegates for the national conventions to nominate a president in 1896 declared against the free coinage of silver, but they left abundant room

[1] Bryan, *First Battle*, 156.
[2] *Public Opinion*, XVIII., 432, 592.

for compromise. The first Republican state convention met in Ohio, March 11; its declarations in regard to silver were in keeping with the ambiguous phrasing of previous years; it demanded a currency of gold, silver, and paper that should be as sound as the government and untarnished as its honor, to be obtained, if practicable, by international agreement; if this were not possible, by legislative restrictions which would maintain the parity of the two metals.[1] Ten of the forty-five state conventions declared for free silver; and New Hampshire, Ohio, Michigan, Virginia, Georgia, Alabama, Texas, and Kansas dodged the question. In Indiana the plank of 1892 was reindorsed. Only a few of the states declared in explicit terms in favor of a single gold standard.

The Republicans endeavored to make the tariff the foremost issue of the campaign of 1896. In every discussion on a bond sale or change in the currency system, they harked back to the failures of the Democrats to provide adequate revenue, although the disallowance of the income tax by the Supreme Court[2] cut off forty millions of expected annual revenue, and thus disarranged the whole system of the Wilson-Gorman tariff, to which all embarrassments, fiscal and industrial, were attributed. From this point of view, two candidates, Reed, of Maine, and McKinley, of Ohio, were held in special favor for the presidential nomination. Reed, ex-speaker of the House, a striking personality, resourceful in

[1] *Tribune Almanac* (1897), 61.

[2] See above, p. 287.

partisan debate, could accomplish legislation when leader of a majority, and discomfit his opponents when in the minority. Witty, sarcastic, and incisive, he disdained the ordinary acts of self-promotion in politics. His influence was due more to the tributes of admiring friends than to the activity of a carefully organized machine. His name, however, was not associated with any piece of constructive legislation, nor did he profess to be an expert on any of the important questions of the day.

McKinley was more fortunate. Although the tariff of 1890 was largely the work of the finance committee of the Senate, it bore by custom the name of the chairman of the House committee on ways and means. As a youth, McKinley served in the Civil War, mustering out with the rank of brevet-major. He entered Congress in 1877, and served almost continuously until 1891. He was industrious in public service, blameless in private life, tactful, and considerate of his opponents. He early commended himself to his party as a safe man to be rewarded in the course of time with the highest honor. In the national conventions of 1884 and 1888 he was chairman of the committee on resolutions, and in 1892 chairman of the convention. He received votes for the presidential nomination in 1888, and had to withstand efforts which were made to stampede the convention to him at the sacrifice of Sherman. In the convention which renominated Harrison in 1892 he received even more generous

support. In the same year he was elected governor of Ohio, where he grew in popularity.

Early in his political life McKinley formed a warm personal friendship for Marcus A. Hanna, a successful business man of Cleveland, which was destined to play an important part in his fortunes. At an earlier date, Hanna and other friends came to McKinley's rescue when he became involved, and from motives of friendship furnished the money to release him from the danger of bankruptcy. Hanna undertook the management of McKinley's campaign for the nomination with unexampled vigor and faith. His activity marked the advent of the new spirit of business organization in politics. Quietly but diligently he visited all parts of the country for the purpose of pledging delegates to McKinley. He represented that the country was suffering; business would not revive until the Republicans were once more in power; and no one was so likely to accomplish this as McKinley, who had been so generous in the treatment of industrial interests. This campaign was largely personal, with little regard to issues or possible platforms other than the tariff question. Hanna was successful, and long before the convention met it was generally acknowledged that McKinley would be nominated.

In the mean time the silver issue assumed new and threatening prominence, and it was a question on which McKinley's record, from the stand-point of eastern gold-standard men, was full of flaws. He

voted to pass the Bland bill of 1878 over President Hayes's veto, and advocated the passage of the act of 1890, declaring that it was the next best thing to free coinage. "We cannot," he said, "have free coinage now, except in the manner as provided in the bill. To defeat this bill means to defeat all silver legislation, and to leave us with two millions a month only, when by passing this bill we would have four and a half millions a month of treasury notes as good as gold." [1] In the campaign for governor he had, however, denounced independent free coinage of silver; and during the months previous to the meeting of the convention he carefully refrained from making any public utterance on the subject.

As the choice of Mr. McKinley was practically decided in advance of the convention, the chief question of interest left for the delegates to determine was the money plank. The contest began in the committee on resolutions, where free coinage at the ratio of sixteen to one was defeated by a vote of 14 to 10, although Senator Teller, of Colorado, Dubois, of Idaho, and others, declared their intention to bolt the convention if a gold plank were adopted. After much wrangling and some misgivings the committee, to make the issue sharp and clear-cut, incorporated the following resolution in its platform: "The Republican party is unreservedly for sound money. We, therefore, are opposed to the free coinage of silver except by international agreement with

[1] *Cong. Record*, 51 Cong., 1 Sess., pt. vi., 5813.

the leading commercial nations of the world, which we pledge ourselves to promote."

The fight was carried into the convention, where Senator Teller earnestly pleaded against the decisive step which would prevent him and his associates from accepting the platform and the party's nominee. Pathetically he narrated his long devotion to the Republican party, his repeated concessions in the past in order to maintain harmony, and his desire to uphold Republican principles in the future. His speech revealed the intensity of the convictions of the silver party. Silver coinage was "not a question of policy, but a question of principle." "When the Almighty created these twin metals, He intended that the world should use them for the purposes for which they were created." Teller's substitute was lost in the open convention by a vote of 818 to 105, whereupon, followed by thirty-three other delegates, he seceded from the convention.

In the Democratic convention the conflict was still more dramatic. The silver party seized control at the very outset. Senator Hill, selected by the national committee, according to custom, for temporary chairman, was rejected by the convention. No compromise on silver appeared in the platform which was submitted to the convention by a majority of the committee on resolutions; it demanded "the free and unlimited coinage of both silver and gold at the present legal ratio of 16 to 1 without waiting for aid and consent of any other nations." The

committee would not permit any amendment on the floor of the convention; proposals that "any change in the monetary standard should not apply to existing contracts," or that if free coinage should not effect a parity between gold and silver at a ratio of sixteen to one within one year from its enactment it should be abandoned, were voted down without a division. The platform was then adopted by the convention by a vote of more than two to one.

Up to this time, both before and during the convention, all interest had centred in the adoption of the principles which were to govern the party; no active campaign had been undertaken in behalf of individual candidates for the presidential nomination. Bland, of Missouri, a veteran in the service of the silver cause, was generally regarded as the logical candidate, if free and independent coinage were approved by the convention. In the debate on the platform, William J. Bryan, of Nebraska, who had been put forward by a body of friends as the most likely candidate, made the closing speech, and aroused the delegates to a frenzy of enthusiasm which marked him as the man of the hour.

It is difficult to summarize a speech so important in its consequences: no new facts or arguments were presented, but it revealed to his hearers Bryan's conviction that they were engaged in a movement for the protection of human liberty as precious and as sacred in its purposes as any historical conflict which

had previously stirred mankind to protest against unjust oppression. "In this contest brother has been arrayed against brother, father against son. The warmest ties of love, acquaintance and association have been disregarded." The recent progress of the silver movement was narrated step by step "with a zeal approaching the zeal which inspired the crusaders who followed Peter the Hermit." The "silver Democrats went forth from victory unto victory, until they were now assembled not to discuss, not to debate, but to enter upon the judgment already rendered by the plain people." "We have petitioned, and our petitions have been scorned; we have entreated, and our entreaties have been disregarded; we have begged, and they have mocked when our calamity came. We beg no longer; we entreat no more, we petition no more. We defy them." The speaker declared that it was a conflict of accumulated wealth against the struggling masses, and challenged the claims of the former in momentous words: "Having behind us the producing masses of this nation and the world, supported by the commercial interests, the laboring interests, and the toilers everywhere, we will answer their demand for a gold standard by saying to them: You shall not press down upon the brow of labor this crown of thorns, you shall not crucify mankind upon a cross of gold."[1]

Five ballots were taken for the nomination for

[1] Bryan, *First Battle*, 199.

president. Bland received on the third ballot 291 in a total of 768; in the fifth, Mr. Bryan was nominated. For vice-president, Arthur Sewall, of Maine, was nominated, an unexpected selection: he came from a state impregnable in its Republicanism; as head of a ship-building firm at Bath, he had favored discriminating duties on imports in favor of American vessels; and he was president of a national bank.[1] He had, however, the saving grace of recent conversion to free silver.

The platform went much further than the indorsement of free silver: it condemned the issue of interest-bearing bonds in time of peace; denounced bank-notes as unconstitutional; and objected to "government by injunction as a new and highly dangerous form of oppression." The nomination of Mr. Bryan, as well as the platform, were received by the East with consternation and amazement. Since few people in that section had ever heard of Mr. Bryan, it was hastily concluded that the convention had been captured by a reckless demagogue. The reasons for this ignorance are not far to seek. Mr. Bryan's political success had been rapid. In 1890, at the age of thirty, he was elected by a large majority as representative to Congress from a Nebraska district which had hitherto been Republican. Through the friendship of Springer, then chairman of the committee on ways and means, he was placed on that committee, an honor rarely bestowed on a new mem-

[1] *Nation*, LXIII., 114 (August 13, 1896).

ber. In 1893 he helped to frame the Wilson bill, taking a special interest in the income tax. He earnestly opposed the unconditional repeal of the Sherman act,[1] and from that time on was active in the group of insurgents which endeavored to harass President Cleveland at every step of his financial policy. In 1894 he engaged in editorial work, lecturing and agitating in behalf of free coinage, and by his persistent labors secured the election of delegates to the Democratic convention who would enter into no compromise or yield a single concession to the gold party. Inasmuch as this propaganda was carried on in the West and Southwest, Bryan was almost unknown to other sections of the country. Bryan was later nominated by the Populist convention and by the National Silver party.[2]

The gold Democrats were in a quandary. Some, with much reluctance, obeying the dictates of party regularity, accepted the decision of their convention; others, with equal reluctance, announced their intention to support the Republican ticket. It is highly probable that, if the Republicans had pursued a policy of conciliation and subordinated all issues save "sound money," they might have won over a much larger number of the sound-money Democrats. They, however, drew the party lines sharply, taunting the Democrats indiscriminately with the mistakes of their leaders, and kept the tariff issue well to

[1] *Cong. Record*, 53 Cong., 1 Sess., pt. i., 400 (August 16, 1893).
[2] Stanwood, *Hist. of the Presidency*, 550, 555.

the front. As a result, a considerable body of gold Democrats, knowing well the impossibility of success and the danger of diverting votes from McKinley, repudiated the Chicago convention as not representing true democracy; and under the name of the National Democratic party put a fifth ticket into the field, by nominating Senator John M. Palmer, of Illinois.[1]

The campaign was unprecedented. McKinley remained at home in Canton, Ohio, receiving thousands of visitors from all parts of the country. Bryan made a travelling campaign: the so-called "boy orator" surpassed all records in the history of political canvasses by his stumping tour. In fourteen weeks he made six hundred speeches; he travelled eighteen thousand miles, and it is estimated that nearly five million persons came within the sound of his voice.[2] Business men contributed freely to the Republican campaign fund. Hanna, the "advance agent of prosperity," as chairman of the Republican committee redoubled his exertions. Extravagant statements of impending disaster if the Democrats won were circulated: free coinage would throw the country upon a silver basis; gold would go to a premium; prices of commodities would rise accordingly, and the value of salaries, pensions, insurance policies, and deposits in savings-banks would all be scaled down. Orders were placed with

[1] Stanwood, *Hist. of the Presidency*, 561.
[2] Bryan, *First Battle*, 618.

manufacturers conditioned upon Republican success at the polls; and in some instances working-men were notified that factories would be closed if the Democrats won.[1] Newspapers vied with each other in denouncing the Democrats as idiots and cranks. Seldom has there been so bitter a political contest.

The Republicans were successful by an electoral vote of 271 to 176. The popular majority of McKinley over Bryan was about 600,000 in a total vote of 13,600,000. McKinley carried all the New England states, all the middle states, and all the middle western states, the most populous sections of the country. The strength of the Republicans was noticeable in the large cities; Baltimore, Cincinnati, and Chicago gave majorities for McKinley. An impression was made even in the South; the Republicans won in Chattanooga, Tennessee, and also were nearly victorious in Nashville and Memphis; in Charleston, South Carolina, the free-coinage ticket was almost defeated. The victory was undoubtedly due to the fear of a business catastrophe if Bryan won, rather than to deep-seated popular adherence to the principles of the Republican party. Confidence at once returned to the business world which depended so greatly on credit.

Fortunately more substantial influences were at work for the revival of prosperity. The trade balance in favor of the United States assumed remarkable proportions;[2] railroads, through reorganization,

[1] Bryan, *First Battle*, 617. [2] *Financial Review* (1897), 40.

were put on "a new and enduring basis of solvency." The cereal and cotton crops were bountiful, and, owing to a short crop of wheat in Asia and the Argentine Republic, the average price of that grain was fully twenty cents a bushel more than in 1895, a welcome addition to the income of the western farmer. All in all, the country was well prepared to support a party which, whatever its faults, was harmonious in its policy, and would put an end to the bickerings and dissensions which humiliated the Democratic administration. President Cleveland was sacrificed by his party; but even his enemies respected his consistency and firmness, and in later years have hastened to pay tribute which was denied when he retired from office.

CHAPTER XXI

CRITICAL ESSAY ON AUTHORITIES

GENERAL BIBLIOGRAPHY

THE period covered by this volume is so recent that systematic bibliographical material as yet is lacking. The reader must therefore depend upon fragmentary and detached lists which will be referred to under the topical headings. Of more general scope are R. R. Bowker and George Iles, *The Reader's Guide in Economic, Social, and Political Science* (1891), and R. C. Ringwalt, *Briefs on Public Questions* (1905). Helpful lists on current problems may also be found at the beginning of chapters in D. R. Dewey, *Financial History of the United States* (1903); and C. D. Wright, *Practical Sociology* (1904); W. H. Tolman and W. I. Hull, *Handbook of Sociological Information with Especial Reference to New York City* (1894), is broader than its title indicates, and contains classified bibliographies on labor, municipal problems, etc.; R. C. Brooks, *A Bibliography of Municipal Administration and City Conditions* (in *Municipal Affairs*, I., No. 1, March, 1897), covers a wide field with intelligent classifications. Albert Bushnell Hart includes some specific lists of books in *Actual Government* (1903); *Foundations of American Foreign Policy* (1901); and *Manual Courses in American History, Government, and Politics* (1907). Many of the authorities in this volume are discussed in the critical essays of volumes XXIII. and XXV. of the *American Nation*.

NEWSPAPERS AND PERIODICALS

The most useful among the many newspapers are *Public Opinion* (34 vols., 1886–1903), which summarizes current

editorial opinion of representative newspapers with impartial selections; current files of the *Nation* (New York, 1885–1897); *New York Tribune* (daily, with an annual index); and the *Commercial and Financial Chronicle* (New York, 1885–1897), with its annual summary, the *Financial Review*. The *Political Science Quarterly*, beginning with vol. IV. (New York, 1889), furnishes a carefully prepared semi-annual record of political events; and the *Review of Reviews*, I.–XV. (New York, 1890–1897), though less systematic and reliable, contains chronological lists and editorial notes on current affairs. Periodical literature is indexed in *Poole's Index to Periodical Literature* (1882), Supplement I., 1882–1887 (Boston, 1888), III., 1887–1892 (1893), IV., 1892–1896 (1897). Articles in the *Political Science Quarterly* are made especially available by a general index, I.–XV., 1886–1900 (1901).

GENERAL HISTORIES

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PERSONAL MATERIAL

There are but few autobiographies for this period; the most valuable are John Sherman, *Recollections of Forty Years* (2 vols., 1895); Andrew D. White, *Autobiography*

(2 vols., 1905); George F. Hoar, *Autobiography of Seventy Years* (2 vols., 1903). *The Sherman Letters* (new ed., 1894) also contain intimate and frank judgments of affairs by the two brothers, John and William T. Sherman; and A. K. McClure, *Recollections of Half a Century* (1902), may be consulted for political portraiture and anecdote.

Among serviceable biographies may be mentioned Edward Stanwood, *James Gillespie Blaine* (American Statesmen Series, 1905); Gail Hamilton [Abigail Dodge], *Biography of James G. Blaine* (1895); T. E. Burton, *John Sherman* (American Statesmen Series, 1906); E. N. Dingley, *The Life and Times of Nelson Dingley, Jr.* (1902); J. L. Whittle, *Grover Cleveland* (Public Men of To-day Series, 1896), brief but interesting; E. Mayes, *Lucius Q. C. Lamar: His Life, Times, and Speeches, 1825–1893* (1896), especially valuable on reconstruction in the South; W. V. Byars, *An American Commoner: The Life and Times of Richard Parker Bland* (1900); and E. Cary, *George William Curtis* (1894).

No complete collection of the speeches of Cleveland has been made; for earlier ones, see G. F. Parker, *Writings and Speeches of Grover Cleveland* (1892), in which the material is conveniently classified under topical headings; for campaign speeches of Harrison, see C. Hedges, *Benjamin Harrison: Speeches* (1892); and for politics in general as viewed in the spirit of lofty idealism, see G. W. Curtis, *Orations and Addresses* (edited by C. E. Norton, 3 vols., 1894); vol. II. contains addresses and reports on civil service reform.

GOVERNMENT DOCUMENTS

The use of public documents for this period has been greatly facilitated by the recent publication of indexes; for a description of these, see L. P. Lane, *Aids in the Use of Government Publications* (American Statistical Association, *Publications*, VII. (1900), 54–57); Edward Channing and Albert Bushnell Hart, in *Guide to the Study of American History* (1896), 38, 39, may also be advantageously con-

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For state documents, see R. R. Bowker (editor), *State Publications: A Provisional List of the Official Publications of the Several States of the United States from their Organization* (3 vols., 1899–1905); and on current state legislation consult New York State Library, *Comparative Summary and Index of State Legislation* (1890 and thenceforth annually.)

The most valuable collection of current documents is E. McPherson, *Handbook of Politics*, published biennially, from 1865 to 1894, containing messages, important treaties, votes, and abstracts of bills and statutes; J. D. Richardson, *A Compilation of the Messages and Papers of the Presidents, 1789–1897* (10 vols., 1896–1899), VIII. and IX.; Edward Stanwood, *A History of the Presidency* (1898), for political platforms and electoral and popular votes; F. Curtis, *The Republican Party* (2 vols., 1904), for political platforms; and the annual *Tribune Almanac* and *World Almanac* for state political platforms.

GOVERNMENT

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By far the most important public documents are: Commissioner of Labor, *Annual Reports* (1886); especially important are vols. III., X., and XVI., treating of strikes; the *Annual Reports* of State Boards of Labor, and in particular of Massachusetts and New York, furnish much information in regard to trade-unions, strikes, hours of labor, child labor, and wages. All state reports issued to November, 1892, are indexed in the Department of Labor, *Third Special Report* (1893). The labor laws of the several states are compiled in Department of Labor, *Second Special Report* (2d ed., 1896); and in this connection see F. J. Stimson, *Handbook to the Labor Law of the United States* (1896).

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Congressional investigations of labor difficulties are reported upon in the following documents: *House Reports*, 49 Congress, 2 Session, No. 4174 (1887), dealing with the Southwestern Railway strike; *House Miscellaneous Documents*, 50 Congress, 1 Session, No. 572 (1888), importation of contract laborers; *House Reports*, 50 Congress, 2 Session, No. 4174 (1889), anthracite miners in Pennsylvania; and *House Reports*, 52 Congress, 2 Session, No. 2447 (1893), the Homestead strike.

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